

**A BUSINESS FRAMEWORK FOR ENTERPRISE DEVELOPMENT AND VENTURE
CREATION IN LIBREVILLE, GABON**

by

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in the Faculty of Business
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Date submitted

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DECLARATION PAGE

I, Elsa-Olivia Moussavou, hereby declare that the contents of this thesis represent my own and original unaided work and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

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Date

ABSTRACT

The purpose of this study is to develop a business framework for enterprise development and venture creation in Libreville, Gabon. The question that guides this research is: How are hotels and restaurants created and developed in Libreville, Gabon?

The level of poverty and the unemployment rate have pushed many people to become creative in finding a way to generate income. The resultant entrepreneurial activity is a key element in the potential economic growth of the country.

The Gabonese Government took the initiative to promote SMEs by providing the necessary economic environment. However, from a financial perspective it appears that the majority of entrepreneurs are using their own capital to finance their business during the start-up and developing phases. The limited access to finance remains a major issue for entrepreneurs in both developed and developing countries. It is an ongoing challenge for them to acquire financial support from the available financial institutions.

In order to make this study effective, a quantitative approach was followed. A self-administered survey questionnaire was distributed to seventy owners and managers of hotels and restaurants.

The findings show that the key elements which lead to the failure of SMMEs are; the limited access to finance to start up a new business, the lack of funds to maintain operating expenses during the start-up stage, the low return on investment and the mismanagement and poor understanding of the financial cycle of a start-up.

Therefore this study proposes a business framework for venture creation and development so that entrepreneurs in Libreville will become educated in the correct procedures to successfully manage and grow their businesses, which will have a positive effect on the economy as more businesses become self-sustainable. SMMEs are regarded as an important means of addressing unemployment and poverty and boosting the economy of the country.

DEDICATION

This study is dedicated to my late younger sister, who passed away on 21 May 2013.

To you "ZUINA" Moussavou Moussavou Jessica Cornil

"Je t'aime petite soeur"

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DEFINING TERMS

Terms	Explanation
BGFI	Banque Gabonaise et Française Internationale
BICIG	Banque Internationale pour le Commerce et l'Industrie au Gabon
CAF	Confédération Africaine de Football
CDE	Centre de Développement d'Entreprises
CEPIG	Centre de la Propriété Industrielle du Gabon
CFAF	Coopération Financière Africaine pour l'Afrique Centrale
CNSS	Caisse Nationale de Sécurité Sociale
CPUT	Cape Peninsula University of Technology
CSF	Critical Success Factors
DGSEE	La Direction Générale de la Statistique et des Etudes Economiques
DTI	Department of Trade and Industry
ED	Enterprise Development
FAGA	Assistance and Guarantee Fund
GDP	Gross Domestic Product
GEM	Global Entrepreneurial Monitor
ILO	International Labour Organisation
MIC	Middle Income Country
NEDA	Nationwide Enterprise Development Administrators
OAPI	Organisation Africaine de <i>Propriété</i> Intellectuelle
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires
PME	Ministère des Petites et Moyenne Entreprises et du Commerce et de L'Artisanat
QSR	Quick Service Restaurant
RCCM	Registre du Commerce et du Crédit Mobilier
SMEs	Small- and medium-sized enterprises
SMMEs	Small Micro Medium Enterprises

UGB

Union Gabonaise de Banque

UNIDO

United Nations Industrial Development Organization

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

Entrepreneurial activities are universally recognised as one of the best initiatives to contribute to the economy of a country. The positive effects of entrepreneurship are viewed differently in different contexts, for example in the context of government, entrepreneurship is of potential benefit to the state as a whole (Stokes *et al.*, 2010:10). Or in the context of commerce, entrepreneurship tends to be positively linked with growth and innovation (Stokes *et al.*, 2010:12). In fact, entrepreneurship is always associated with the business world through entrepreneurs seeking opportunities to pursue. Birley and Muzyka (2000:8) identify entrepreneurship as an approach to management that involves chasing opportunity regardless of the resources presently controlled.

Gabon is a very small country situated on the west coast of Central Africa with a population estimated at 1 500 000 in 2011. Its official language is French (Boudiala Boudiala, 2011:4) and its capital is Libreville, the city where this research was conducted. In Gabon, small medium and micro enterprises (SMMEs) are recognised for their capacity to create jobs in the private sector and thus make a contribution to the GDP of the country (Boudiala Boudiala, 2011:4). The Gabonese economy is dominated by the oil industry, and the country remains dependent on its natural wealth (natural gas, petroleum, manganese, gold, uranium, diamond, iron ore etc.). But, economic growth is severely limited by a lack of financial resource.

In Gabon, SMMEs are highly concentrated in urban areas relative to the rural and provincial areas. Boudiala Boudiala (2011:7) showed that 86.74% of all SMMEs are located in Libreville and 13.26% in the other urban areas. Over three thousand ventures are being created and registered every year with the potential to create jobs and opportunity for the community (Boudiala Boudiala, 2011:7). However, very few enterprises are emerging successfully.

Research has shown that in developing countries, SMMEs and entrepreneurs are supported by government in order to help grow the economy (Cupido, 2002). Gabon is in fact one of the countries in which entrepreneurial activities is encouraged by the government. The Gabon government has now made an effort to increase transparency in order to make the country more attractive for foreign investment to boost the economy. In addition, the current government is trying to encourage entrepreneurial growth through enterprise development and venture creation, in order to alleviate unemployment and poverty.

1.2 Background of the problem

First and foremost, the essence of entrepreneurship is the entrepreneur (Mitton, 1989), an individual who creates a company. The creation process – which includes skills, capabilities, difficulties and uniqueness, is known as entrepreneurship (SavoIU, 2010:65). Entrepreneurship can thus be seen as the act and the entrepreneur as the actor (SavoIU, 2010:65).

Although many would-be entrepreneurs are able to perceive and exploit opportunities, managing to organise all the necessary resources to set up a business with the aim of success, some of them shine and excel, while others struggle and fail badly.

According to Boudiala Boudiala (2011:19), in Libreville, the majority of the potentially active population is employed by SMMEs (estimated at 500 000 people or more than half of the potentially active population in the entire country). Yet despite the involvement of the SMMEs, Libreville remains a city with a high level of poverty and a large number of business failures.

Business failure happens when the point of insolvency is reached and the business is unable to carry on trading (April, 2005:45). This is the point at which the entrepreneur finds himself or herself in deep trouble. April (2005: 46-52) lists the factors that can lead to business failure as including a lack of skill, a lack of management skill, poor financial control and lack of accounting knowledge, credit problems, inattention to marketing, ignoring the human factor, failure to develop a strategic plan, uncontrolled growth or managing growth, poor location, incorrect pricing, the entrepreneur's inability to adapt to the changing demands of the enterprise, and poor time management. The most common mistakes of owners of restaurants and hotels are the inability to manage the venture's cash flow, the lack of proper financial management, and a failure to deal with management of the business generally. A successful entrepreneur should be in possession of sound knowledge of a company as a whole.

According to Kumar (2008:38) an entrepreneur must have a number of attributes and skills in order to properly plan his/her enterprise and make it successful, especially during the initial stages. Regarding the category of failed entrepreneurs, Stokes et al. (2010:452) suggest that their difficult experience of a previous venture discourage them from re-entering business ownership. This is the group which can be said to have 'failed' in that they have closed a business in financial difficulty, often leaving bad debts, and returned to employment, or unemployment. Yet some entrepreneurs find a positive aspect in the failure of a business, or

their exit from it, feeling they have improved their personal and management skills and acquired more experience (Stokes et al., 2010:453). Some even believe that failure is the best way to learn about running a business. For them the problem is not necessarily any particular skill, but simply the situation of being an owner-manager faced with a multitude of problems demanding attention simultaneously. The challenge is to have the experience and understanding necessary to know how to choose which problem to deal first.

1.3 Statement of the research problem

Efforts have been made by the Gabonese government (Promo Gabon, Ministère des Petites et Moyenne Entreprises et du Commerce et de L'Artisanat (PME) (the "Ministry of SMMEs") or Centre de Développement d'Entreprises (CDE) ("Centre of Enterprise Development")) to provide assistance to entrepreneurs with the creation and development of enterprises. But statistics indicate that a considerable proportion of these entrepreneurs fail. This could be due to factors not limited to but including a lack of exposure to finance, inadequate managerial skills, lack of education, poor marketing or entrepreneurial branding and entrepreneurial knowledge.

Therefore the proposed research concerns relates to the following grey areas:

- What are the challenges faced by owners of hotels and restaurants in creating and growing their businesses in Libreville?
- What are the different financial challenges regarding access to funds and equity that owners of hotels and restaurants experience through venture creation and enterprise development?
- What are the socio-economic benefits that enterprise development and venture creation bring to the population?

1.4 Main Research Question

How are hotels and restaurants created and developed in Libreville, Gabon?

1.4.1 Research sub-questions

- What are the challenges faced by owners of hotels and restaurants in creating and growing their businesses in Libreville?
- What are the financial challenges regarding access to funds and equity that owners of hotels and restaurants experience through venture creation and enterprise development?
- What are the socio-economic benefits that enterprise development and venture creation bring to the population?

1.5 Main objective of the Research

To propose a business framework for venture creation in Libreville, Gabon.

1.5.1 Sub-Objectives of the Research

- To identify and analyse the main challenges facing entrepreneurs in enterprise development and venture creation.
- To analyse the different financial issues they encounter in their businesses.
- To determine the socio-economic benefits that enterprise development and venture creation bring to the population.

1.6 Delineation of the research

This research was limited to owners of hotels and restaurants in Libreville, Gabon.

1.7 Research design and methodology

1.7.1 Research design

According to Bryman and Bell (2011:40), research design provides a framework for the collection and analysis of data. The method employed in this study was quantitative, a method that emphasizes quantification in the collection and analysis of data (Bryman & Bell, 2011:26). The quantitative method was employed through questionnaires delivered to available business owners.

1.7.2 Sampling technique

This study used snowballing sampling, which is a non-probability sampling method. It is often employed in field research, where each person interviewed may be asked to suggest additional people for interviewing (Babbie, 2010:193). This technique was appropriate in quickly identifying the hotels and restaurants in Libreville and reducing the expenditure of time, energy and money by the researcher.

1.7.3 Sample size

The sample consisted of a hundred and seventeen owners of hotels and restaurants in Libreville. They were assured of complete anonymity and confidentiality. Data collection was made possible through self-administered questionnaires.

The information gathered on SMMEs in Libreville was sourced not only from the target population but also from Ministère des Petites et Moyennes Entreprises et du Commerce et

de L'Artisanat (PME), Centre de Développement d'Entreprises (CDE), and Promo Gabon. They provided reports and documents relevant to the research.

1.8 Significance of the study

The significance of this study lies in part in its conveying the difficulties experienced by entrepreneurs to policy makers in Gabon, to encourage them to draft policies that recognise and respond to these difficulties. Entrepreneurs play a vital role in an economy. If entrepreneurs are assisted in a pragmatic manner, the problems of unemployment and poverty will be addressed because entrepreneurial activities create jobs and stimulate the economy.

The main aim of this research was to investigate the challenges associated with venture creation and enterprise development in Libreville, Gabon. By proposing a business framework for venture creation and the development of businesses in Gabon, this study will be contributing to the existing body of knowledge on SMME development.

The owners of hotels and restaurants stand to be the main beneficiaries of this research. It is believed that the recommendations made in this study can assist aspiring entrepreneurs to overcome the considerable obstacles they face to make a success of their ventures.

1.9 Expected outcomes, results and contributions of the research

The research identifies and describes the challenges and difficulties faced by prospective entrepreneurs in Libreville. It hopes to bring this information to the attention of the government in Gabon, to persuade them to make mutually benefiting decisions regarding the issues concerned in the interests of socio-economic upliftment.

The research findings are intended to be an asset for the organisation in charge of SMMEs in Libreville (Ministère des PME et du Commerce et de l'Artisanat) and other organisations associated with entrepreneurship and SMMEs. The research could also help to:

- Motivate the government to provide funding for SMMEs and entrepreneurs.
- Help with financial application preparation and provide guidelines
- Allow the creation of an entrepreneurial development centre which prepares entrepreneurs to be aware of managerial competencies and how to deal with challenges effectively.

1.10 Conclusion

In conclusion, most entrepreneurs fail because they hardly understand the responsibilities of ownership (Sahay & Sharma, 2010:13). This research enables a better understanding of the reasons for business failure that owners of hotels and restaurants face in their entrepreneurial activities in Libreville. The quantitative approach facilitated the achievement of valuable results that address the research problem. With the sample size and the help of the snowballing technique, it proved relatively easy to gather data directly from respondents regarding the challenges of enterprise development and venture creation. The data were then carefully sorted and thoroughly analysed.

1.11 Thesis outline

This study comprises six chapters, namely:

Chapter one: Does the groundwork for the study. It briefly describes the background of the research and offers a statement of the research problem. It also states the research questions and objectives, gives a brief description of the methodology and clarifies the significance of the study and its expected outcomes. Finally, it offers an outline of the thesis.

Chapter two: surveys the relevant literature. Its objectives are to obtain theoretical knowledge of venture creation, enterprise development and the various challenges that entrepreneurs can face during the start-up and developing process. It also analyses the impact and contribution of venture creation and enterprise development in relation to the population.

Chapter three: presents the different procedures and methods used to carry out the study. The key elements in the chapter include the objectives of the study, the research design, quantitative research methods, a description of the research population, sampling design, snowballing sampling technique, sample size, pilot study, questionnaire structure and design, data collection, reliability and validity, research ethics and data analysis.

Chapter four: This chapter presents the findings of the research and interprets the data gathered through the questionnaires. The results are displayed by means of graphs and charts.

Chapter five: In this chapter a business framework for enterprise development and venture creation is proposed and constructed. It is built on the literature review and the outcomes of the survey.

Chapter six: This chapter concludes the study, providing an overview of the findings. It makes various recommendations and suggests directions for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The previous chapter provided an introduction to the study. This chapter describes the relevant literature. The objective of this chapter is to present theoretical perspectives on venture creation, enterprise development and the challenges that entrepreneurs can face during the start-up process.

2.2 Overview of entrepreneurship

Tengeh et al. (2011: 370) (2011: 370) argue that entrepreneurship lies behind successful operations and small business start-ups. In fact, entrepreneurship could have various definitions as it is a multidimensional concept that impacts on economic performance (Carree & Thurick, 2002). Entrepreneurship is a way of thinking, reasoning and acting that is opportunity obsessed, holistic in approach, and leadership balanced for the purpose of value creation and capture (Timmons & Spinelli, 2009:101).

It may help to approach the concept through the etymology of the word “entrepreneurship”. Burch (1986:88) provides a background to entrepreneurship and explains that the term is derived from the French *entreprendre*, which means to pursue; to undertake opportunities; to fulfil wants and needs through starting businesses and innovation. It could also mean to be a contractor who is to undertake a task for a negotiated price in order to implement some kind of (often public) activity (Bjerke, 2007:97).

Many entrepreneurship scholars turn to cognitive science (the investigation of the mental processes of knowing) to provide answers to questions about the people side of entrepreneurship (Down, 2010:64). Mitchell et al. (2002:97) thus define entrepreneurship in the following terms:

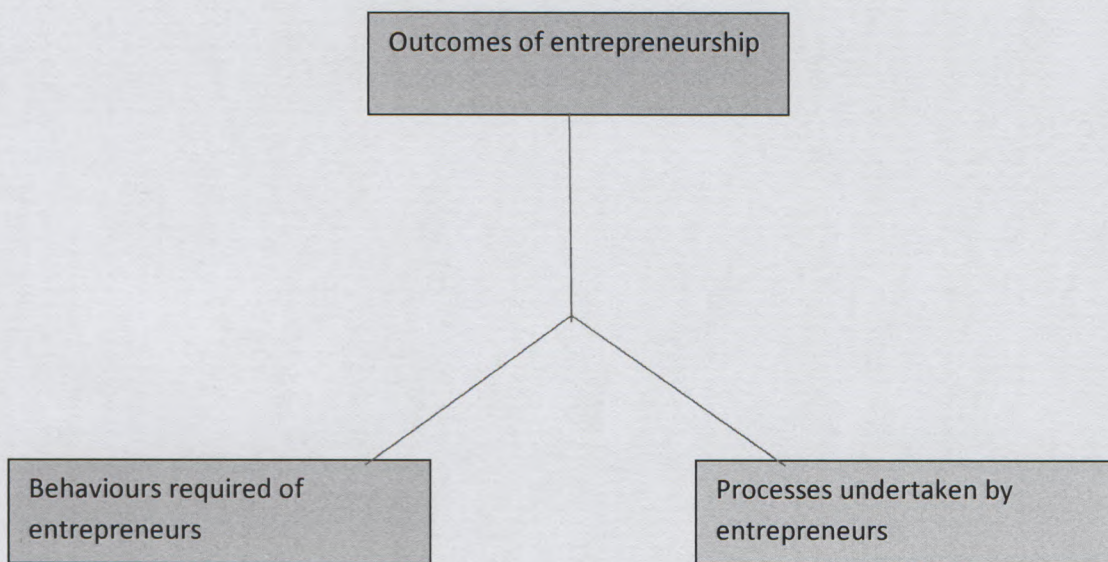
Entrepreneurial recognitions are the knowledge structures that people use to make assessments, judgements or decisions involving opportunity evaluation, venture creation, and growth.

Birley and Muzika (2000: ix) describe entrepreneurship as the process and activities undertaken by entrepreneurs, and entrepreneurs are individuals who organise, operate and take responsibility for the risks related to a business venture, which they establish in pursuit of an opportunity they and others have identified. Lall and Sahai (2008:4) demonstrate that entrepreneurship has gained a lot of popularity, for reasons including but not limited to:

- It provides numerous opportunities for self-expression and the realization of one's passion for doing something new and different.
- There are numerous opportunities for growth and self-development.
- Monetary rewards are greater.
- Entrepreneurs enjoy the power of decision-making.
- The reward of working on one's own is immense satisfaction.

Neither is entrepreneurship necessarily the same as starting a new business, even if the two may coincide. Many companies start without being very entrepreneurial, although these probably have little chance of surviving in the long run (Bjerke, 2007:21).

Researchers have proposed a range of definitions of entrepreneurship, with several areas of agreement. Stokes et al. (2010:7) identify three such dimensions of entrepreneurship: processes, behaviours and outcomes. These dimensions are shown in Figure 2.1.



Source: Stokes and Wilson (2006) and Stokes et al. (2010:7)
 Figure 2.1: The three dimensions of entrepreneurship

In their discussion of these three dimensions of entrepreneurship, Stokes et al. (2010:7) propose that the first dimension, process, often focuses on development, and particularly on a new business or strategy for change, and the writing of business plans. The second dimension, behaviour, focuses on the role individuals play and the specific behaviour that distinguishes them from others. The third dimension, outcome, focuses on the results of entrepreneurship (of the “process” or “set of behaviours”). The combination of these three dimensions suggests that entrepreneurship is the result of specific processes and patterns of behaviour.

2.3 Different types of entrepreneurs

There are, of course, entrepreneurs of many different kinds, and many imaginative categories have been suggested, for instance, technopreneurs, E-entrepreneurs, academic entrepreneurs and team entrepreneurs (Bjerke, 2007:95). Bjerke (2007:95) classified entrepreneurs first making a distinction between *independent entrepreneurs* – entrepreneurs who start businesses on their own and become their owners – and *intrapreneurs*, who are entrepreneurs who start new business ventures for their employers. He then classifies independent entrepreneurs as follows:

Extrapreneurs are people who leave their employment taking along ideas that have come up in the course of employment and start their own venture;

Novopreneurs are people who get an idea which does not compete with the activities of their employer and start a new venture to exploit their creative potential;

Interpreneurs are people who connect ideas, resources and possibilities from different sources and then start a venture based on this;

Renovateurs are people who save businesses in trouble and start a new venture based on the best pieces of the old one.

Bjerke makes the following remarks on the basis of his experience of studying the different types of entrepreneurs over the years:

- Extrapreneurs and renovateurs are common in critical situations;
- The majority of new business ventures are started by extrapreneurs;
- Most countries have some kind of government institution supporting novopreneurs and their innovations;
- Renovateurs seem to have become more common;
- Novopreneurs seem to have become rarer.

The idea of an entrepreneur is further expanded when we take into consideration personal views or perspectives, management, and the terms and principles of a business. To support this view, Cupido (2002:28) identifies the common characteristics of entrepreneurs as found in a variety of definitions of entrepreneurship:

- These individuals take responsibility for their actions and they recognize danger or the non-achievement of their venture.
- They make practical, profitable use of resources and situations by organizing and reorganizing both social and economic instruments.
- They take the initiative.

Studies have revealed that the personal attributes of potential entrepreneurs may affect their entrepreneurial activities. These attributes include gender, marital status, age, education, financial circumstances and risk appetite (Jiangyong & Zhigang, 2007:3). Jiangyong and Zhigang (2007:24) propose that older people are less likely than younger people to be entrepreneurs, and that people with a high level of education are more likely to start their own business than people with less education (Jiangyong & Zhigang, 2007:25) (the “ability argument”).

2.4 Venture creation

According to the *Cambridge Dictionaries Online* venture creation is the process of turning a new idea or technology into a business that can succeed and will attract investors.

Various definitions of venture creation have been essayed. Timmons (1999:28) describes venture creation as the raw start-up of a business, the entrepreneurial thinking that breaks ground for businesses. Entrepreneurial success is essential for success in the venture creation process. In support of this view, McIntyre and Alon (2005: 42) note that success in entrepreneurship usually involves building a team of people with complementary skills and talents, and sensing an opportunity where others see only contradiction, chaos and confusion. Kurakto and Hodgetts (2007:611) maintain that venture creation consists of activities associated with the initial formulation of the venture. It is the foundation of the entrepreneurial process and requires creativity and assessment.

Lambing and Kuehl (2007: 38) point out that venture creation or starting a business is a difficult undertaking that requires painstaking analysis and planning. For them a new business entering an established market faces the task of taking customers from firms that have been serving those customers. Therefore the entrepreneur must examine the question of how the new firm will land those customers.

Barringer and Ireland (2008:71) emphasise that the feasibility analysis should be done during the venture creation process. They propose that a positive feasibility analysis indicates that an entrepreneur should pursue a new idea. Before the new venture is launched, each area of the feasibility analysis should be investigated fully. These areas include the product or service, the industry or market, the organisation, and finances.

New venture creation is a separate and distinct phenomenon in the entrepreneurial sphere, which also includes established business, mergers and acquisitions, and boosting the business, among others (Kariv, 2013). The creation of a new venture is a complex, multidimensional and crucial process that shapes the future venture’s building blocks;

specifically, it includes the actions, activities, thoughts, and processes exhibited by entrepreneurs towards materializing their ideas and visions into a functioning business.

Kariv (2013) adds that most of the practices typifying the new venture creation process are latent and difficult to expose, as attention is given to generating ideas, refining them, and then visualizing, preparing and organizing the venture-to-be. Thus, in contrast to the subsequent stages, the new venture creation stage occurs mainly in the entrepreneur's mind, through interactions and on the computer, while the "real" selling activities have not yet begun.

Kariv (2013) identifies the following major elements in the new venture creation process:

- Types of opportunity recognition;
- Ideas to be implemented as future businesses;
- Visions;
- Distinct activities and strategies that are typically employed in the first stages of the new venture;
- Preparation of critical factors that enable materializing the ideas into a real venture;
- The quest for financing the future business;
- The meaning of planning and its subsequent effects on the entrepreneur and the business;
- Typologies of the entrepreneurial profile of individuals exhibiting a new venture creation process;
- Environment, which has a major role in influencing the new venture's processes.

2.4.1 Approaches to venture creation

Birley and Muzyka (2000:17-18) differentiate two types of approach to venture creation: the "integrated" approach to venture creation, which is different from the "traditional" approach documented by the literature (see Table 2.1). The traditional approach is identified from historical research focusing predominantly on male entrepreneurs. While most businesses follow a combination of the patterns, evidence shows that males tend to approach venture creation following the "traditional" approach whereas women are more likely to follow an "integrated" approach.

The **traditional approach** views the venture creation as a separate economic entity and structures the organization as a hierarchy. Decision making will be analytical, and the entrepreneur typically will follow set procedures, being authoritarian in management style. The focus will be on task completion through the use of formalized control systems. Goal

achievement in terms of economic success is very important. Strategically, traditionalists will prefer to follow strategies emphasizing cost efficiency, and values will be based on completion.

The **integrated approach** views a venture as a network of co-operative relationships. This approach structures organizations as flat and team-based, where decision making is shared and participative. Strong social and employee policies and practices are common, information is widely shared, and strong social values such as diversity and community outreach are common. Performance measures will be both social and economic, and planning will be informal. Family-friendly work rules are typical and strategies emphasize customer service and quality. The table 2.1 highlights the differences between these approaches to venture creation.

Table 2.1: Approaches to venture creation		
Dimension	Traditional (male)	Integrated (female)
View of business	separate economic entity	Co-operative network of relationships
Motives	be independent be an entrepreneur	Create a job, have flexibility in work and family life, respond to social issues
Management style	Task oriented, transactional, command/control	People oriented, transformational
Values/assumptions	competition transactional homogeneity	Integration of family, work, society reciprocity, diversity
Venture creation process	sequential, series of planned steps	Simultaneous, construction of relationship
Structure	Hierarchy	Horizontal, network
Policies/practices	Instrumental	Nurturing, relational, social
Strategic approach	Cost, efficiency	Quality, customer service
Decision making	Analytical, fact based	Intuitive, participative
Goals	Economic growth/profit	Economic and non-economic social contribution
Performance	Financial, economic personal wealth	Financial, equality with employee and customer satisfaction, satisfaction, satisfying relationships

Source: Birley and Muzyka (2000:17-18)

2.4.2 The consequences of starting a business

The positive outcomes of entrepreneurial efforts have been the subject of many studies on starting a business. Some examples include Coulter (2001), Bjerke and Hultman (2002), and Zimmerer and Scarborough (2005). These authors highlight the positive effects and outcomes that entrepreneurship offers the entrepreneur starting a business:

- To tackle opportunities
- The opportunity to create one's own future, to achieve and to mean something
- To be able to use one's abilities and talents fully
- To have a high degree of independence, to make one's decision without restrictions
- To be responsible only to oneself
- To gain financial advantages
- To have the chance to have fun
- To follow in the family footsteps.

The same authors also mentioned the negative consequences for entrepreneurs of starting a business:

- Change and uncertainty
- A multitude of sometimes contradictory decisions to make
- Being forced to make economic choices
- Risk
- Uncertain financial flows
- Much work
- The possibility of failure.

Starting a business is a very risky task to accomplish, and the consequences can affect the entrepreneur either financially or psychologically. Poor management can easily lead to the failure of the business and affect the owner badly.

The hospitality sector, especially hotels and restaurants, deals with a large variety of clients, both local and international. Therefore this industry requires a lot of time and effort, a well-trained and highly motivated staff team, a very good management and a good cash flow, plus other responsibilities to make the clients feel at home or even better and avoid any risk of alienating them.

2.4.3 Venture creation model

Based on the life cycle of an organisation, which is divided into the well-known stages of birth, growth, maturity, revival and decline, Withane et al. (1986:45) have suggested three categories of new venture creation:

Type 1: Creative new venture creation

According to Withane *et al.* (1986:45), the first type points to the salience of the entrepreneur's self-determination and personal characteristics in the new venture. The term "creative" was chosen because it emphasizes the entrepreneur's creativity, which is in turn influenced by his or her expertise, previous business experience, ability to take risks, need for achievement and innate sense of impending change in venture creation (Withane *et al.*, 1986:45).

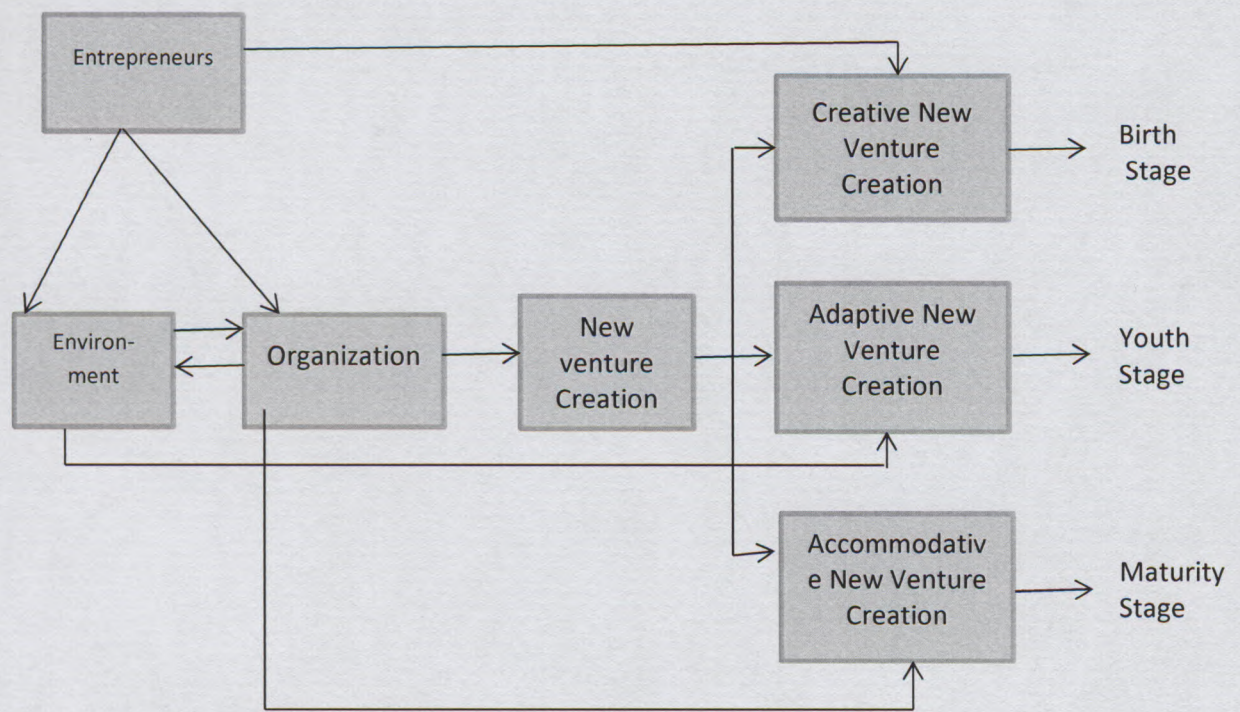
Type 2: Adaptive new venture creation

Adaptive new venture creation focuses on the business environment as its dominant variable. It seems that environmental variables are more important in the early or youth stage of the organisation. In this youth stage, new ventures are mostly influenced by presence or absence of environmental support such as the availability of skilled labour, land and other facilities, venture capital, government influence, attitudes of the area population and customer preferences. Entrepreneurial activity is adjusted accordingly (Withane *et al.*, 1986: 47).

Type 3: Accommodative new venture creation

The third type of new venture creation is characterized by the dominance of organizational variables, whose influence is mostly seen in the maturity stage of the organization's life. This type of new venture creation suggests that entrepreneurs use existing facilities and choose from a wide variety of emerging structures in initiating new ventures (Withane *et al.* 1986: 47).

Figure 2.2 illustrates the interactions among the three major elements involved in new venture creation: entrepreneurs, business environment, and organisation. These three elements are associated with creative, adaptive and accommodative new venture creation in specific ways and at specific times in the business life cycle.



Source: (Withane *et al.*, 1986:46)

Figure 2.2: Initiation of three types of new venture creation over time

2.4.4 Venture creation and enterprise development in Libreville

According to Tsitsi (2013), in Gabon the creation of ventures, their modification, transformation and even cessation of their activities, are essentially managed by the Centre for the Development of Enterprises (*Centre de Développement des Entreprises*), the General Directorate of Taxes (*Direction Générale des Impôts*), and the Registry of Commerce of the Tribunal of First Instance (*Greffier de Commerce du Tribunal de Première Instance*).

2.4.4.1 Procedures for venture creation and enterprise development

According to Tsitsi (2013) the procedures for venture creation comprise the following eight steps:

Step one: Certification of status at CDE

The certification of status applies only to those written under private deed, in accordance with the uniform act Organisation for the Harmonization of Business Law in Africa OHADA. The execution of this task is free of charge and done instantaneously, or can take a few hours, depending on the number of statuses to be examined.

Step two: Registration of status at the Directorate of Taxes

The statutes certified by the CDE, the notarial expeditions and official report (*procès-verbaux*) of the constitutive general meeting are registered with the competent service of the Directorate General of taxes with a minimum payment of a tax. However, on each page of statutes as well as for the other documents a 500 FCFA fiscal stamp is recommended.

Step three: Submission of the dossiers to the unique window of the CDE

The dossiers are submitted to the CDE and each dossier costs 50.000FCFA for all local owners and 200.000FCFA for foreigners. The investor to whom the dossier belongs is in charge of the payment of all the costs at the debt collection unit of the CDE, for which a receipt is delivered. The dossier, which now has an identification number, then goes through its treatment phase and the establishment of a *fiche-circuit* ("circulating form"). This is then submitted for the signature of the Director of Facilitation and Assistance.

Step four: registration in the RCCM

The circulating form containing the first signature of the CDE, followed by the rest of the documents which complete the dossier, is transmitted to the Registrar of Commerce of the Tribunal of First Instance for registration at the Register of Commerce and Mobilier Credit (*Registre du Commerce et du Credit Mobilier*, RCCM).

Step five: Attribution of the fiscal identification number

After the first signature from the CDE and the registration of the circulating form and the rest of the dossier from RCCM, these documents are then transmitted to the Service of Registration of the General Directorate of Taxes to acquire the fiscal identification number (*Numéro d'Identification Fiscale*). The attribution of that fiscal identification number is free and definitive.

Step six: Last signature

In this phase, the General Director of the CDE proceeds to the final signature of the *fiche-circuit* (circulating form). The accomplishment of this task is instantaneous.

Step seven: CEPIG and CNSS

CEPIG is known in French as *Centre de la Propriété Industrielle du Gabon* and in English as the Centre of the Industrial Property of Gabon.

CNSS is known in French as *Caisse Nationale de Sécurité Sociale* and in English as the National Social Security Fund.

The investor is advised to ensure the protection of his/her asset with CEPIG for a cost of 35.000FCFA. This operation is not enshrined in the framework of the uniform acts OHADA (Organisation for the Harmonization of Business Law in Africa), but remains in the competence of the OAPI (*Organisation Africaine de Propriété Intellectuelle*). The investor is also orientated to CNSS to be registered. This operation is free and allows the investor not only to get a number but, importantly, to gain access to all relevant information on labour legislation in Gabon.

Step eight: The log of legal of announcements

The creation of a venture must be published in the log of legal announcements. This measure of advertising established by the Community legislator of the OHADA, is carried out in the service of the journal of official announcements of the Gabonese. The time taken to accomplish all these steps is on average about 8 days.

In the case of development or changes in the company, or its cancellation/closing down, a different form is provided to the business owner to fill in (CDE of Libreville, 2013).

2.4.5 Ventures created in Libreville and the nationalities of creators

Table 2.2, below, indicates the number of enterprises created in Libreville in 2012 by entrepreneurs from Gabon and from foreign countries. The table shows the distribution of nationalities of venture creators in Libreville.

National Origin	Creation	
	Number of enterprises	%
Benin	407	5.2
Burkina Faso	162	2.1
Cameroon	500	6.3
France	260	3.3
Gabon	3889	49.3
Guinea (Conakry)	152	1.9
Mali	681	8.6
Nigeria	381	4.8
Senegal	649	8.2
Togo	164	2.1
others	647	8.2
Total	7892	100

Source: Service Enquêtes et Suivi du Promoteur. Information obtained through Statistics of CDE of Libreville (2012)

It can be seen from this that Gabonese entrepreneurs comprise a majority of those starting businesses in Libreville, and that there is a strong determination on the part of the local population to create new businesses.

2.5 Enterprise development

According to Bolton (1997:1), enterprise development is the generation and progress of new enterprises. Cassidy and Madzwamuse (1999:7) argue that enterprise development has to be sustainable, focusing on marketing and profitability, equity, and the enhancement of livelihood.

According to Grant (2008), ED can range from the creation of a new enterprise to the redevelopment or funding of an existing one to accelerate the enterprise, with many other possibilities in between. Regardless of the process, ED relies on ideas that create sustainable enterprise initiatives because they address a need in either the consumer or the business-to-business (B2B) market.

According to the Nationwide Enterprise Development Administrators (NEDA) (2010), enterprise development can refer to the start-up of new ventures or the improvement or expansion of existing businesses. Critical success factors for any strategy of enterprise development are the viability of the business ideas or strategy behind the enterprise development activity.

Verwey (2011:6) argues that a number of variables affect the structure of an enterprise development strategy. These include the size of the ED budget, investing in your value chain, or investing outside your value chain. If the ED budget is big enough, it may be advantageous to invest in your value chain by designing a strategy that will make sure that funds are structured in a way that is beneficial to both the sponsor and society (Verwey, 2011:6).

In the hospitality sectors, Venter and Cloete (2007:1) agree that the development of a hotel business should cover the entire hotel business, which means that the strategic changes should start with the daily operations and stretch to strategic methods to grow the company's market exposure. Indeed, there are many different ways to achieve the growth of a hotel. These include marketing, repositioning and branding, buying an existing hotel, renovating and the merging of hotels. In sum, a hotel can be developed through reconstruction, renewal or extensions.

2.6 Challenges of enterprise development and venture creation

During every start-up, various challenges can be encountered by entrepreneurs.

2.6.1 Challenges of venture creation

According to Hatten (2015:161), starting a business from the ground up is more difficult than buying an existing business or a franchise, because nothing is in place. The risk is concomitantly higher when starting a business from scratch. Hatten (2015:161) adds that, for many people, the process of taking an idea through all the steps, time, money and energy needed to become a viable business is the essence of entrepreneurship.

Barrow et al. (2005:9) insist that the first thing one needs is a business idea. A business idea has to be clear and feasible and provide necessary and detailed information about the proposed business. Barrow et al. (2005:9) add that one key reason to produce a business plan is to try to avoid, as much as possible, the mistakes that others have already made.

Barrow et al. (2005:13) list different problems that entrepreneurs face when starting a business, which include having no management accounts, poor financial control, and poor relationships.

No management accounts: Cash management is only one aspect of the financial information an owner needs to remain in control of the business. Profit and loss accounts, a balance sheet and key performance ratios such as gross margin, debtors' days and stock turn all have a part to play in a prudent and well-run business. It is not merely useful to understand the basics of accounting; for company directors, it is a legal requirement. It can become very difficult for the manager of an inadequate company to continue to run his/her business if he/she knows or should have been aware of the bad financial position of his/her venture.

Poor financial management control is a major reason why businesses fail. Barrow et al. (2005:13) argue that owner-managers often leave financial questions to their accountants to sort them out at year-end. Financial management control has a strong influence on the livelihood of a company. It is a big mistake to separate the productivity of goods and services or attracting more clientele from regularly checking the financial activities of the company. Barrow et al. (2005:13) agree that, by the time the set of figures is produced, perhaps up to 18 months after trading has commenced, the majority of venture creations have already reached financial disturbance and need to be protected from failure. This could, of course, have been easily prevented with a modicum of outside help and advice.

Poor relationships: One of the hidden reasons for early stage business failure is a poor connection between business allies. The connection between allies is vital. They are meant to work together harmoniously and trust each other, in order for the business to have a chance of achieving its goals. Indeed, business partners need to be temperamentally suited, have complementary skills and be prepared to compromise without falling out. The selection of a business partner should always be done according to the best interests of the company. The majority of successful associations tend to build a relationship before working together, preferably as allies rather than just as friends.

Many of these 'mistakes' can be avoided through thorough planning, careful thought and detailed research. Others researchers have identified the following challenges for venture creation:

Managing debt: Blanchard (2011:79-80) mentions that Henry Ford is alleged to have said that he must be rich because he owes everyone money. Most entrepreneurs see the humour in this because they know debt is a burden for a new business. Debt makes successful entrepreneurs nervous. Even those who are most successful lie awake at night worrying about it. The problem with borrowing money is that it has to be paid back. The sooner this happens, the better off you and your business will be. If you are not concerned about how much you owe to banks, credit cards, private lenders, vendors, as well as yourself, then you are jeopardizing the creation of personal wealth through a successful business. On the other hand, while nobody likes jangled nerves, anxiety over debt can be positive force if it motivates you to manage your business from the very beginning so as to minimize debt.

Restriction to access to finance: According to Kauffmann (2005:1), SMEs' main sources of capital are their retained earnings, informal savings and loan associations (tontines). These are unpredictable, not very secure and have little scope for risk sharing because of their regional or sectorial focus. Wickham (2004: 445) argues that many entrepreneurs complain about the "funding gap" which refers to an inability to get hold of capital to support their ventures. Whatever its source, the funding gap presents problems to entrepreneurs, to investors, and to the wider world that benefits from entrepreneurial activities (Wickham, 2004: 445).

Lack of education: Investigating the effects on entrepreneurship of education based on the findings of the Global Entrepreneurial Monitor (GEM) 2003 report and numerous other reports, research has found that enterprises started by people who are well educated are generally more successful. Education can serve to decrease the failure rate of new business (Co et al., 2006:35). It has been proven that there are people who have left school early or who have never been to school and ended up successful entrepreneurs, but education can

definitely play an important role. Co et al. (2006:49) add that being educated is not a necessary requirement to create a new venture, but it does help an entrepreneur solve problems within the business. The entrepreneur will have to solve problems relating to finance, marketing, human resources and general management of the business, and may have to acquire skills in these areas.

Lack of management skills and training: General management skills are required to organise the physical and financial resources needed to run the venture, and people management skills are needed to obtain the necessary support from others for the venture to succeed (Wickham, 2004: 153). According to Co et al. (2006:52), entrepreneurs need to be equipped with a variety of skills, since proper management skills have to be applied within a company. Wickham (2004: 153) proposes the following as important general business management skills:

- **Strategy skills:** refers to an ability to consider the business as a whole, to understand how it fits within its marketplace, how it can organise itself to deliver value to its customer, and the ways in which it does this better than its competitors.
- **Planning skills:** refers to an ability to consider what the future might offer, how it will impact on the business and what needs to be done to prepare for it now.
- **Marketing skills:** refers to an ability to see past the firm's offering and their features, to be able to see how they satisfy the customer's needs and why the customer finds them attractive.
- **Financial skills:** refers to an ability to manage money; to be able to keep track of expenditure and to monitor cash-flow, and also the ability to assess investments in terms of their potential and their risks.
- **Project management skills:** refer to an ability to organise projects, to set specific objectives, to set schedules and to ensure that the necessary resources are in the right place at the right time.
- **Time management skills:** refers to an ability to use time productively, to be able to prioritise important jobs and to get things done to schedule.

Training in a business has a positive impact on one or more of the employer, the employee and the whole company. According to Walker and Miller (2010: 238), training simply means teaching people how to do their job. Training is not a stand-alone entity, but one of several elements that make for organisational effectiveness (Walker & Miller, 2010: 238).

Poor business plan: Dlabay et al., (2009:140) identify the key features of a business plan and argue that they provide a general description of the company, the credentials of the owner, a description of the product and service, an analysis of the market (demand, customers and competition), and a financial plan. Entrepreneurs find it very difficult to raise capital from financial institutions without a business plan, something that they sometimes confuse with the actual construction of a venture. Financial institutions normally peruse the business plan for loopholes and flaws. A poorly constructed plan results in the application for financial assistance being declined (Nieman & Nieuwenhuizen, 2013:120).

Inadequate market research: The problems addressed in the forecasting will surface again if the entrepreneur does not conduct a proper study of the market. This study should examine as well as understand the outcome of the research. A businessperson must be able to design and conduct market research. The ability to discover and understand the competition data is very important for the company to gain a competitive advantage. Marketing research is imperative for the entrepreneur's persistence and achievement. It will help the entrepreneur to identify external threats to the business and when and where to pursue an opportunity. It is with the help of market research that the entrepreneur can identify his/her customer's needs (Malhotra & Birks, 2003:4).

2.6.2 Challenges of enterprise development

It is relevant to mention that the challenges of venture creation listed above are also applicable to enterprise development (lack of management skills, lack of education, restricted access to finance, and managing debt, falling out, poor financial management control, no management accounts, and electricity supply issues). All these challenges play a very important role in the subsequent growth of the business.

Barrow et al. (2005:2) have identified three sets of challenges for enterprise development:

1. The challenges of getting into a business
2. The challenges of growing the business
3. The challenges of deciding whether to re-invest or exit

Barrow et al. (2005:2) believe that good preparation and planning is a significant advantage in dealing with each of these sets of challenges. And from this planning perspective, it is also clear that each of the three sets of challenges corresponds to a distinct business planning requirement, each of them designed to cope with quite different problems; thus, a business plan to minimize start-up risks, then a strategic growth plan and finally an exit plan.

In the cycle of a business, enterprise development involves trying to survive the introductory stage of a business to reach the growth stage. In effect, an entrepreneur will need a strategic

plan to make the business grow by properly following its vision and mission. According to Matthews and Dennis (2003:66), to build a strong, growth-oriented company, a good idea is just the beginning. A leader needs to create a clear mission and a culture to support that mission, to build a solid infrastructure and hire the right people. Failure to address any of those factors could not only mean failure to grow, but it could also prevent the creation of any value in the company. Barringer and Ireland (2008:383) caution that growth is a double-edged sword. Indeed, if not managed properly, growth can threaten the stability of a firm's operation in every area, from human resources to finance.

In the South African context, Smart Opportunity (2008) reports that the key challenges responsible for the high failure rate are:

- Inadequate collateral
- Low level of educational qualifications
- Poor management knowledge
- Lack of experience
- Limited skills
- Restricted access to capital or finance.

Over 79% of small businesses are unsuccessful in the first three years of creation.

The African Economic Outlook (2013:8) ranks Gabon 170th amongst potential economies in the world with a talent for doing business. In fact, the development of enterprises remains a big challenge in the country, especially because of two elements which contribute to the failure of many enterprises. An erratic electricity supply and a lack of improvement in indebtedness makes it very difficult for entrepreneurial activities to grow. For instance, at present the electricity supply in Libreville and other provinces of Gabon remains inconsistent and can be cut off for weeks. Most businesses suffer from this instability, especially in the creation and development phase, when the smooth running of a business is disrupted.

2.7 Hospitality industry overview

According to Chon and Maier (2010:5), the term hospitality can be construed in various ways, but they agree that hospitality can be seen as "satisfying a guest's needs", "anticipating a guest's desires", and "generating a friendly and safe atmosphere".

Definitions of the hospitality industry appear to be almost never ending and can be confusing (Morrison, 2010:68). Saayman (2002:12) regards the hospitality industry as a collective term for motels, guesthouses, hotels, farm houses, holiday parks, restaurants, fast food outlets, bed and breakfasts, cafes, public houses, clubs, departmental store catering, industrial catering, institutional catering and the related area of tourism and leisure. In the United Kingdom, the hospitality industry contains enterprises which offer drinks and meals,

and accommodation in venues outside the home (British Hospitality Association, 2015:2). In the USA, hospitality includes not only hotels and restaurants, but also other kinds of institution that offer food or shelter or both to people away from their homes (Powers, Barrows & Reynolds, 2012:4). The hospitality industry has evolved in different structures in different parts of the world because each region has experienced economic development during different periods of history (Bowie & Buttle, 2004:86).

Currently, hotels and restaurants play a significant role in the hospitality industry. Tourists who leave their homes to visit countries around the globe expect to find a similar level of home comfort in the hotels where they choose to stay. In fact, once the customer feels at home in a hotel, customer satisfaction has been achieved, and the hotel accommodation facilities are satisfactory. From this perspective, Bowie and Buttle (2004:7) believe that the primary goal of the hospitality business should be to create and retain satisfied customers.

The hospitality and tourism industry emphasizes the importance of service for success. While all service enterprises focus on service as the main product, the hospitality industry is the very essence of a service operation. In fact, after the vacation and travelling are over, nothing palpable remains, but the best service provided is remembered (Reid & Bojanic, 2010:9). The concept of service needs to be looked at in greater detail.

2.7.1 Service

Reid and Bojanic (2010:8-9) argue that a service is defined as an immaterial product that is vended or bought in the marketplace. For instance, eating in a restaurant or staying in a hotel or accommodation facility is part of the service segment. Apart from the exchange of money, no tangible product is left once the customer has consumed the meal or occupied the room.

Most businesses focus on the distribution of products to customers. So with manufacturing, wholesale and retail sales, customer service entails ensuring product delivery to the customer and handling any problems that may arise from the performance of the product. This is not the case in the service sector of business. In this sector, the product is really a by-product of the services being rendered. For instance, in a quick service restaurant (QSR), the product is the meal provided. The service consists of those interactions and transactions that occur between the customer and member of the staff from the time of entry to the restaurant through the time of departure from the restaurant (Tesone, 2010:4).

If a hotel is to market its service offering successfully, it is critical that its management staff understand the marketing strategy they want to implement and, more importantly, that they know how they want to implement it. Management is faced with the challenge of executing the marketing strategy efficiently and effectively (Reid & Bojanic, 2010:11).

In a study conducted in the early years, Powers (1996: 215) identified and described service in the hotel sector as a package of benefits and features which comprise three essential components. Since restaurants can be seen as part of a hotel, it applies to restaurants as well. According to Powers (1996: 215), these three elements are: an essential facilitating service, a core benefit, and a competitive supporting service.

2.7.1.1 Core benefit

Service is the general and most essential benefit offered to the visitor. This may include food, amusement, relaxation, social interaction and more. The existence of the hotel is built around its core benefit.

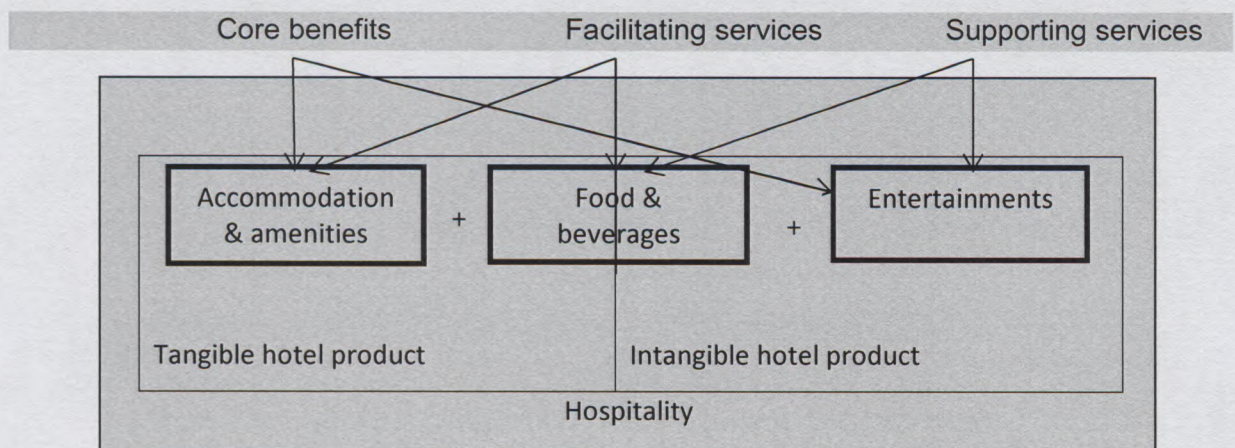
2.7.1.2 Facilitating services

These services are indispensable for the operational process of a hotel. The hotel will become unmanageable without the presence of the services that facilitate the core benefit. For instance, the lack of sufficient rooms or reception in hotels makes it difficult to accomplish operations. In fact, it is a way to shut hotels down.

2.7.1.3 Supporting services

These services are necessary in the marketing department, but they are not vital to the core benefit. The use of supporting services is required to differentiate an operation from the competition. For instance, the reservation of accommodation is the most influential supporting service in a hotel.

Powers (1996) has proposed the following hospitality model:



Source: Powers (1996)

Figure 2.3: hospitality model

2.8 Entrepreneurial branding

“To build a successful business, you have to be willing to leverage every asset and pursue every opportunity whether your dream is to create a large enterprise or a successful solo venture. That’s why it’s important to think brand and build a personal brand. Brand You in tandem with your business brand. There is no doubt that this will increase your impact and, ultimately, your success”. (Kaputa, 2012:xiii)

Cant et al., (2009:213) maintain that a brand can refer to features that make your product different from those of the competition, and these features include design, name, symbol, term and more. Nieuwenhuizen (2011:126) argues that brands are utilised to create a difference between services and products, or to differentiate a company from its competitors.

On the other hand, Keegan and Green (2008:357) see the brand as a complex bag of skills and pictures in the target’s mindset. Because Keegan and Green (2008:322) have also noticed how differently people tend to perceive a brand, they have proposed a diverse definition of a brand, depending on how it is perceived: as

- a promise;
- a guarantee;
- a pledge;
- a reputation;
- an unwritten warranty;
- an expectancy to perform;
- a reduction of risk and a sign of trust;
- an assemblage of souvenirs;
- a business and client’s handshake

2.8.1 Types of brands

There are many types of brands that small business entrepreneur can decide to use (Cant et al.:217). Nieuwenhuizen (2011:127) argues that firstly, there is choice between a manufacturer (national) brand and a private brand.

a) Manufacturer (national) brand

A manufacturer makes use of a retained brand for merchandise that is usually sold nationally (in other words, across South Africa, for instance, in different kinds of outlets). Examples of manufacturer brands are Toyota, City Lodge and OMO.

b) Private brand

In the case of a private brand, products are sold under a brand name created by a retailer or a wholesaler. Many South African supermarket chains offer popular products in their own private brands (for example, Pick 'n' Pay dog food). Private brands are not promoted to the extent that national brands are and are therefore not as easily recognisable.

Secondly, there is a choice between a family, individual or company name with a brand:

c) Family brand

For the family brand, the seller uses the same brand or an entire line or mix of product items. For example: the leather manufacturer under the Busby leather goods name uses Busby for all its leather products.

d) Individual brand

For individual brand, the product is known by its own name instead of the name of the company making product. For example Castle, Lion and Hansa are examples of individual beer brands all made by SA Breweries.

e) Company name with a brand

Some manufacturers choose to use their company name together with an individual product brand name. The individual name differentiates the product from others whilst the company name adds a firm's reputation to the product.

Murphy (1992a:3) argues that branding is a vital strategy which is applied through creation and development to add a competitive advantage. It involves product quality improvement and care, as well as values that appear suitable, coherent, protectable, unique and attractive to customers.

But all this cannot be applied in the absence of appropriate marketing activities.

2.8.2 Marketing for enterprises

Marketing plays an indispensable and crucial role in the growth of a company. It is one of the most significant business functions typically identified in medium-sized or large enterprises. Some would argue that of all the functions, including human resources, finance, public relations, information and general management, marketing is the most significant due to its undeniable influence on and contribution to customers and the market. However, all these

functions, including marketing, have to be complementary in order to achieve the main aim: the realisation of the company's goals and objectives (Lamb et al., 2008:25).

Marketing is a long structural process of providing innovative ideas necessary to predict and plan future market needs and wants. It is necessary because of the continuous change in the environment that affects demand in the market (Day, 1997).

Lamb et al. (2008:27) identify growth, income and survival as the ultimate aims of most companies. Marketing comprises activities that are crucial to the success of a company, such as evaluating customer demands and the satisfaction of current and possible future loyal clients. These activities also include the design and management of product offerings, good communication with current and possible future customers, and the development of strategies for distribution. Once a company is positioned, having the support of marketing makes it is less likely that the company will fail.

In the hospitality sector (hotels and restaurants), although service itself is most significant, marketing is obviously as important as any other department, all of them sharing the objective of achieving the business's objectives.

2.8.3 Branding and SMMEs

Start-ups must build a brand from scratch, which starts with selecting the company's name. One of the keys to effective branding is to create a strong personality for a firm, designed to appeal to the chosen target market (Keegan & Green, 2008: 322). Brand is necessary for any type of enterprises, because through a brand name the market and enterprises are able to communicate. The brand represents the image and the reputation of an enterprise, therefore a good positioning of the business can change the mind-sets of the market toward it. Abimbola (2001:5) agrees on the role of a brand for SMMEs and argues that, through a brand and concentration on the product, SMMEs can facilitate proper communication of their proficiency and aptitude to provide higher value to their clients, differentiate themselves from the competition and strengthen the reputation of the company.

Aaker and Keller (1993) think that the potential connection that exists between SMMEs and branding is innovation, creativity and inventiveness. Many people agree that inventiveness is being known for the quality of creativity through new ideas and innovation, as well as the use of current services and products which are influenced by brand extension.

Abimbola (2001: 7-8) proposes certain guidelines for building a strong SME brand:

- a. Use corporate branding or focus on one or two strong brands.

At the early stage of branding, it is especially important to have a clear focus on those aspects of the brand that are complementary. For instance use those logos, symbols, or names that underpin other marketing activities and are linked to a particular brand or company name. Ensuring that full attention is focused on a single source prevents it being confused with other similar brands from the same producer.

- b. Build a creative marketing strategy on clear brand associations.

A brand name plays an important role in building a creative marketing strategy. Exploring its potential use in other forms of communication, such as advertising, the media and packaging (Murphy, 1992b:91) underscores this. A creative marketing strategy has the reach to influence a future marketing plan for the brand as well as any possible future extensions.

- c. Establish a unified set of brand elements to improve awareness and brand image.

Blackett and Denton (1992:79) state that such a set of brand elements should be noteworthy, simple, easily recognised by customers, believable and doable.

- d. Design a relevant campaign for the target audience.

The aim of the brand-building campaign is to focus on and convince customers of the strength of the brand, so as to secure their buy-in to the product. Keller (1998) explains that, while small businesses may rely on networking and word of mouth to create unique, positive, associations, other effective but fairly inexpensive means of building the brand include using existing networks, such as in-house publications, charity events, low-cost promotions and sponsorship.

- e. Use as many secondary associations as possible

Secondary associations, such as business dealings, spokespeople, endorsements or events, that link your brand to other companies, can emphasise and enhance the theme of your brand. Garvin (1996) argues that the following market-based assets are important factors which could positively influence SME performance: customers' trust in the brand, their perceived quality of the brand, and their perceived value of the brand.

However, in discussing levels of brand familiarity, Lamb et al. (2008:221) caution that brand acceptance does not come easily, and marketers must work very hard, often over many years, to build up a brand. To encourage brand insistence, for example, marketers will try to enhance brand loyalty through relationship marketing strategies and use tools such as the frequent flyer and other loyalty programmes.

Another way for SMMEs to develop a brand as a competitive advantage is through an online presence. It is not an easy task for a business to create something uniquely different from its competitors. Nowadays branding makes use of sophisticated technology to create brand awareness among customers. Many successful businessmen agree that it is essential for a company to have an online branding specialist for interaction with customers and to ensure delivery of a unique message about the business to customers. In fact, an online presence is one of the strongest branding strategies for the success of a company.

2.9 Critical success factors

Critical success factors serve to identify and index the requirements for success within a particular market sector.

2.9.1 Success

The *Oxford Dictionary* (2009, online) defines success as “the accomplishment of an aim or purpose”, or “the attainment of popularity or profit”, or “a person or thing that achieves desired aims or attains prosperity”.

According to Parsa et al., (2005) a successful restaurant is one that has been in constant operation for at least three years and has collected numerous awards or tokens of recognition.

2.9.2 Success factors for hotels and restaurants

Critical success factors (CSF) are very useful for measuring performance among SME hotels. They have been the subject of many research projects conducted over the years. Brotherton (2004) defines CSFs as those factors that can provide the greatest competitive advantage. Once they have been identified, the company should focus its resources on those factors. Brotherton (2004) adds that CSFs help the company to achieve its objectives and goals by designing and focusing specifically on those activities and processes that will achieve its objectives. CSFs have also been identified as the point where the pricing of a business is competitive, and is technically equal to or better than its competition (Flanagan, 2005).

But a company also needs a strategy that is competitive. Said et al., (2003) and Farmer (2004) argue that CSFs and a company’s competitive strategy are related to the context in which the business operates. CSFs specific to the hospitality and restaurant industry include the size of the company; where it is in its development; its context, principles and perspectives; the way it structures cost and manages the business; its position; the strength

of its competitors; and its financial position. These are all significant for the success of a hotel and restaurant, and should be controllable through proper management.

However, Harrington and Lenehan (1998) believe that the most important CSF is the customer's perception of a company. The importance of customer-related matters to the success of a business is supported by a worldwide study. Seen from the perspective of both a hotel operator and developer, Sun International identifies the following factors as the reasons for the success of its hotel developments (Venter & Cloete: 231):

- selecting prime positions;
- ensuring ease of access to clients, employees and suppliers;
- adaptability of design, combining different sized and types of rooms;
- effectiveness of design for its intended purpose;
- effective marketing strategy;
- establishing a recognizable brand;
- selecting staff with the appropriate skills, training and experience;
- setting high, consistent standards; and
- meeting all legal and government requirements, with regard to taxes, duties and regulations.

After many studies completed by researchers on the hospitality industry and factors of success, Farrish (2011:27) has proposed the following critical success factors:

Table 2.3: Critical success factors	
Strategic choices	<ul style="list-style-type: none"> • Restaurant location • Cogent business plan
Competitive factors	<ul style="list-style-type: none"> • Product relevance • Knowledge of competitive forces • Product quality
Marketing	<ul style="list-style-type: none"> • Community involvement • Customer relationship management • Public relations • Advertising • Pricing • Franchising
Resources	<ul style="list-style-type: none"> • Firm size • Financial resources • Training/employee competence • Employee turnover • Business agility/responsiveness to change
Owner / manager	<ul style="list-style-type: none"> • Leadership/ values • Experience/ business acumen • Emotional (creative/ destructive)

Source: Farrish (2011:27)

2.10 Finance, venture creation, development and challenges

The creation and development of an enterprise could hardly be completed without recourse to finance.

2.10.1 Importance of finance in a new venture

Finance is a resource that plays a role of major importance in the life cycle of a business. Yet some businesspeople find it difficult to raise finance. Financial resources are treasured by a start-up venture and its activities, and can of course be used to obtain additional resources (Jacobs, 2003:112).

According to recent studies, it is always necessary for entrepreneurs to prepare financial forecasts for the success of their enterprises. According to Klonowsky (2015: 67) financial forecasts are an important tool for entrepreneurial firms for a variety of reasons. For one, they provide the basis on which a vision for the firm can be developed. The mere act of preparing financial forecasts forces the entrepreneurial firm to develop its market and

competitive strategy, to focus on pricing considerations, to understand what resources are needed to fulfil its market and venture objectives, to understand its capital requirements (such as equipment, machinery, land, intangibles, and others), to consider various financing alternatives, and so on.

Finance can be seen as a key driver to help the poor, for running a business for customers or for the economy. In effect, Claessens (2005:2) agrees that finance has huge significance for the poor. Many earlier studies confirm that an improved financial system is helpful in addressing poverty and inequality of revenue. These past studies have focused attention on the importance of development finance. However, financial resources have to satisfy the demands of the whole market, especially in the majority of emerging countries. Financial institutions such as banks are always an option for fortunate persons and are used by large firms, but some individuals may not have access to them.

Almost all entrepreneurial companies encounter operating difficulties and financial challenges in their early or introductory stage. Leach and Melicher (2015:22) agree that the majority of entrepreneurial companies have to reform and reorganize once or many times in order to be successful. Therefore, entrepreneurial finance and the activities of the financial department are vital elements for a company to survive and to achieve its goals.

Entrepreneurs can start new ventures for a host of personal reasons. They may have economic or altruistic motives. Many serial entrepreneurs may see challenges themselves as the highest reason to start their next venture. It is only realistic to acknowledge that there can be many nonfinancial objectives for a new venture. Nonetheless, whatever the myriad personal motivations for founders, investors, and employees, there is really only one overarching financial objective for the venture's owners: to increase value (Leach & Melicher, 2015:18). Despite the different objectives that entrepreneurs may have in starting a new venture such as maximizing return on investment, sales or profit, the venture's main financial objective remains the value. There is no doubt that to start a new business the entrepreneur will need personal finance, such as access to capital. However, for many entrepreneurs the capital might not be enough to guarantee the smooth management of the business, necessitating access to other sources of finance. In seeking to raise funds, the challenge for owners will be the identification of available sources of finance.

2.10.2 Sources of finance

Access to capital has always been and remains the most challenging barrier to entrepreneurial enterprises. Due to all the issues faces by enterprises, including lack of palpable resources or profit, some entrepreneurs choose to go into debt. This is not always

the best solution. Denis (2004:4) notes that, apart from equity financing, entrepreneurs also depend on three primary resources: corporate investors, angel investors, and venture capital funds. Angel investors are individuals who invest their personal funds in numerous small enterprises. Venture capital funds are restricted partnerships with active partners investing on behalf of passive partners. Corporate investors provide finances through their shareholders, for strategic and financial reasons.

Coleman (1988:118) and Smallbone et al. (2001:21) argue that there are important factors regarding production that entrepreneurs should take into consideration before they start a business. These factors comprise capital, labour, land and the purpose or function that should be respected. Jacobs (2004:3) identifies capital as a financial resource, which is an element of production, and can be categorized in different sections: loans and savings in the financial category; skills development and education in the human category; mutuality and exchange in the social capital category; and equipment, buildings and land in the physical category.

It has been proven that finding finances for entrepreneurs to open their own companies can be very challenging, which is why the money often comes from the founders' own pockets. Barringer and Ireland (2008:286) and Blundel and Lockett (2011:194) discuss sources of personal funding. They highlight three sources of finance, bootstrapping, own funds, family and friends' financial support, in addition to equity.

Bootstrapping: This can be defined as discovering new means, such as thriftiness, ingenuity, gaining grants, creativity, etc. which will help to prevent the use of external financing.

Personal Funds: These comprise sweat equity and financial resources. Sweat equity refers to the energy, effort and time spent by the owner of the company.

Family and friends: They usually appear as investments or loans, or can include reduced rent or gifts.

Equity: Establishing a business as a limited company allows for the sale of equity (shares) to external investors. The purpose of selling share is to increase the capital of the firm and possibly bring in new expertise, rather than existing for existing shareholders to make personal gains.

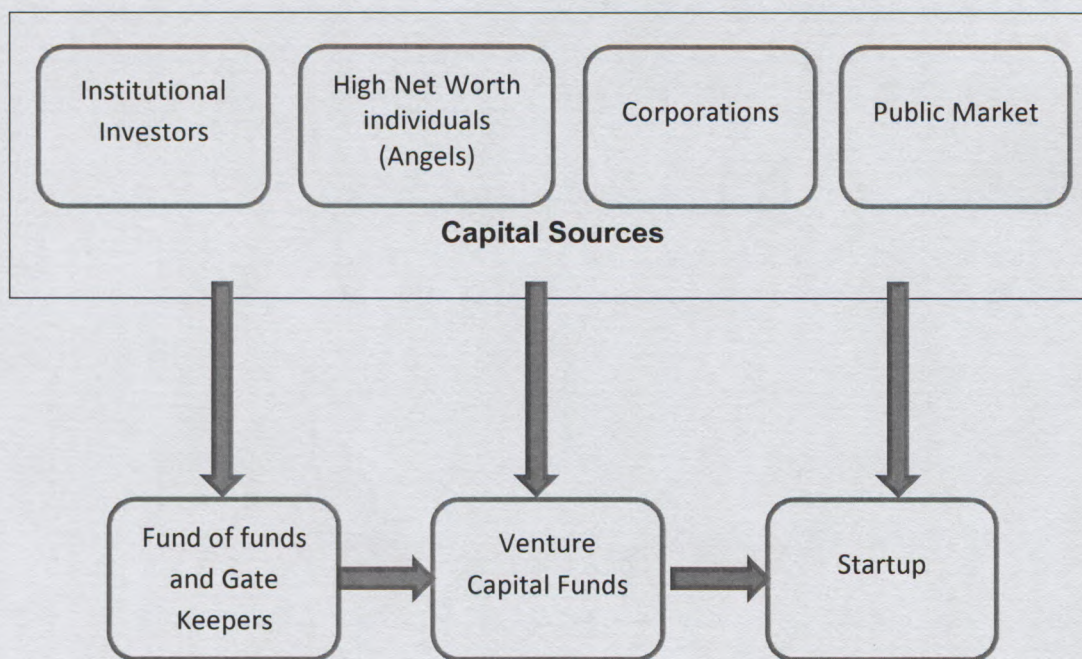
To support this view, Co et al. (2006:224) provide some examples of measures to minimise the need for capital:

- purchasing second-hand equipment rather than new;
- borrowing equipment from other businesses for shorter periods than leasing;

- employing staff for shorter periods rather than permanently;
- coordinating purchases with other businesses;
- leasing equipment rather than buying it;
- seeking the best possible conditions from suppliers;
- requesting advance payments from clients; and
- Using the manager's private credit card for business expenses.

2.10.3 Source of capital in start-up

Several sources of capital can be available for entrepreneurs in the start-up phase in order to meet the company's need. Fuerst and Geiger (2003:117) describe several sources from which entrepreneurs starting businesses can acquire financing in different stages of development. Studies conducted decades ago acknowledge that the principal sources of capital are institutional investors, angel investors, corporations and the public market. Fuerst and Geiger (2003: 117) present the different source of financing for start-ups in the figure 2.4 below.



Source: Fuerst and Geiger (2003: 117)

Figure 2.4: Sources of financing for Start-ups

In effect, the principal sources of finance accessible to venture creation are capital funds and institutional investors. The latter comprise insurance companies, pension funds, and private investors (also known as business angels), persons investing in small groups of firms who work with other investors. Investments can be made through entities, straight into the

creation of the venture, as well as funds of funds that support financiers (investors) in selecting and distributing their investments among numerous venture capital funds (Fuerst & Geiger, 2003:117). For entrepreneurs entering the entrepreneurial career, while financial capital is a necessity, other sources of finance are also available.

2.10.3.1 Bank finance

In a venture start-up bank finance is always a possible source of financial support, but it can be financially risky for the entrepreneur. The entrepreneur must make sure to have a business that performs well in order to be profitable and repay the bank. Co et al. (2006:224) argue that, with bank finance, the entrepreneur has control over business decisions. But the disadvantage of bank finance is that banks are very reluctant to grant funds to entrepreneurs in the absence of securities or guarantees that the money borrowed will be repaid, or that the business will be profitable in the future (African Economic Outlook, 2013:8). Due to this high level of risk and low level of security, then, banks offer very limited funding. In addition, the business is exposed to liquidity problems and financial risks when it is not performing well because of the servicing cost associated with large loans.

In the Gabonese context, only a minority of entrepreneurs in Libreville sought or obtained bank finance to support their business, owing to the financial risk associated with such loans (African Economic Outlook, 2013:8).

2.10.3.2 Government funding

According to Co et al. (2006: 224), the government can provide funding, especially during the research and development and start-up stage, in the form of grants or incentives. Although these opportunities may be attractive, they often have non-financial constraints, such as administrative reporting requirements and employment creation requirements, which the entrepreneur may have difficulty in meeting.

2.10.4 Accessing funds in the start-up and development of a business

Identifying the right sources of finance among those listed above can be one of the first challenges in the fund raising process for the owner of a company. Access to finance has always been important for all firms, but most particularly for start-up ventures and others seeking to invest and grow. However, many entrepreneurs encounter obstacles in the way of accessing funding. Banks, for example, are generally very cautious in lending, particularly to new ventures, since they do not want to incur bad loans (Hisrich et al., 2010:300). Banks' decisions about loans can take a long time and are based on both quantifiable information

and subjective choice, which unfortunately do not guarantee the acquisition of finance for the owner.

In the case of business angels, Blundel and Lockett (2011:196) point out that finding the right business angel can be difficult, and that it is just as much about relationships as finance.

Apart from the above, Baron and Shane (2008:198) mention that uncertainty and information asymmetry make it difficult to raise funds from external sources. Information asymmetry means that investors must make decisions on the basis of less information than the entrepreneur has. The entrepreneur can thus take advantage of investors and engage in diverse selection (Baron & Shane, 2008: 198). It is difficult for owners to predict with certainty whether the new venture will succeed. Therefore entrepreneurs and investors often tend to disagree about the value of a new venture. Because new ventures are uncertain, no one really knows for sure how profitable it will be (or whether it will be profitable at all). So investors make their financing decisions on the basis of their own perceptions about the profitability and attractiveness of venture, which are almost always lower than those of the entrepreneur (Baron & Shane, 2008: 176).

Corroborating these views, Nieman and Nieuwenhuizen (2013:40) summarise the reasons for SMMEs not accessing affordable start-up and expansion finance, and propose ways of overcoming them:

- Risk aversion of the banking sector towards SMMEs. SMMEs are traditionally seen as “high risk” borrowers. The large number of businesses exacerbates this view.
- A decline in strong alternative financial institutions. A large percentage of micro finance institutions (MFIs) have gone under.
- Inadequate funding proposals and business plans. Even if financial institutions are willing in principle to finance SMMEs, the business proposals presented to them are not properly researched and presented.

Suggested ways of overcoming these challenges are listed below:

- Business success: Improving the business success and profitability of the venture.
- Financial products: Financial institutions and (MFIs) should provide SMMEs with appropriate financial products (bridging and contracts, venture capital and equity), as well as information on available sources of finance.
- Training: businesses should be trained and coached in conducting research on presenting funding proposals, feasibility studies and business plans.

- Financial guidance: Financial institutions should provide guidance and direction to SMMEs that have been denied finance, and also give them viable reasons why their loan applications were rejected.

For the development or growing of the business, Nieman and Nieuwenhuizen (2009:184) argue that raising finance for a new and growing venture can be costly and timely. For this reason many owners prefer to grow slowly by using internal cash flow to fund growth. Some have a fear of debt and of giving up control of the firm to investors, as the costs of funding can amount to more than the interest rate on the funds obtained (Nieman & Nieuwenhuizen, 2009:184).

In the hospitality context, DeFranco and Lattin (2006:7) describe common financial challenges faced in the hospitality industry. These include operating on low profit margins with changing sales volumes. To be able to reach budgeted profits and produce good returns on investments, it was crucial to be able both to forecast revenues and to control expenses. Since the hospitality industry is known to be labour intensive, management faces the daily challenge of planning employees' hours in such a way that they remained consistent with both the revenue forecast and payroll costs.

DeFranco and Lattin (2006:8) identify possible financial challenges in the hospitality industry as follows:

- an industry with many facets, rather than a single aspect to consider;
- low profit levels;
- inconsistent sales volumes;
- high labour costs;
- high capital requirements;
- relies on the availability of discretionary income.

Although the hospitality sector normally requires a lower level of operating inventories, it needs relatively more capital for its real estate component. This comprises restaurant material, furniture for client's room, operational system and buildings. To secure financing for these assets is an ongoing challenge for the managerial department (DeFranco & Lattin, 2006:8).

2.10.5 Finance in the case of Gabon

Typically, the seed money that gets the company off the ground comes from the founder's own pocket (Barringer & Ireland, 2008: 286). Very few entrepreneurs receive help from external sources such as banks, investors or government grants. And even if finance has been obtained from such sources, or if the financial plan has not been properly thought out, the risk of the business failing remains always high. Ernst (2002) argues that, when running a

business which requires and promotes quality service, such restaurants or hotels, it is often assumed that the common cause of business failure is the choice of the wrong location. In fact, the most common reason has always been a poor financial plan for the business or the absence of such a plan.

The financial sector of Gabon comprises nine banks, with three of these holding more than fifty percent of clients' loans and deposits. These three powerful banks are respectively known in French as: *Union Gabonaise de Banque* (UGB), *Banque Gabonaise et Française Internationale* (BGFI) and *Banque Internationale pour le Commerce et l'industrie au Gabon* (BICIG). According to the African Economic Outlook (2013:8), there are outstanding loans to the private sector dating back to 2011, which keep growing each year. As a result, it is very difficult for SMMEs to raise loans adequate to their needs despite the availability of microfinance.

According to the African Economic Outlook (2013:8), microfinance institutions could play an important role in reducing poverty by financing very small enterprises. They could play a different role in the service industry from their role in the manufacturing industry, perhaps as refinancers. This would allow them to participate in financing the exploitation and investment cycles of very small enterprises. Despite the high potential demand from small and very small enterprises, the weakness of Gabon's financial sector restricts the availability of credit to them. Their funding poses a real problem. It is more profitable for commercial banks to invest their surplus liquidity than to provide long-term funding for investments. Banks fail to support private sector development because of insufficient security, the high cost of credit and the considerable associated risks.

In Libreville, public establishments such as PromoGabon help investment promoters and entrepreneurs to source financial support. The African Development Bank (2010:14) explains that PromoGabon is a public establishment functioning under the auspices of the Ministry of Small- and Medium-sized Enterprises. Established in 1972, it supports and advises investment promoters, assisting them in project development, conducting feasibility studies and developing financing and business plans. PromoGabon is therefore able to help promoters comply with submissions to both the Investment Approval Commission in the Ministry of SMEs/SMIs and the Credit Committee for SME/SMI Assistance and Guarantee Fund (FAGA). The organisation has approximately ten employees and a budget of CFAF 225 million.

The African Development Bank (2010:14) added that, of the 245 investments files submitted to PromoGabon in 2008, only 42 were approved for submission to the Investment Approval

Commission. It notes that the Credit Committee seldom meets because of insufficient resources allocated to FAGA. It is clear from the fact that so few entrepreneurs have managed to obtain public financing for their businesses that PromoGabon has failed. It has not functioned effectively because of a lack of proficiency in conducting studies. By focusing on information and sensitization activities, it has failed in its study and training mission. Without financing to guarantee investments, FAGA will be dissolved, further weakening PromoGabon.

2.11 The benefits of enterprise development and venture creation

The hospitality network is no different from any other industry in terms of its relatedness to the local and global economy (Chon & Maier, 2011: 404). The International Labour Organization (2010:29) argues that hotels and restaurants have the potential to create opportunities to address poverty in developing countries. The importance of this industry lies in its contribution to the growth of these economies by creating a significant number of job opportunities and funding a significant portion of a country's Gross Domestic Product (GDP). It is acknowledged by many researchers that enterprise development and venture creation can have a positive effect on populations.

2.11.1 Contribution of SMEs through venture creation and development

Raynard and Forstater (2002) highlight the role of SMEs in providing employment opportunities, which has increased according to the world hiring rate. Yet the significance of SMEs in the development process goes beyond the question of numbers. The research conducted in this specific area highlights the development contribution of SMEs in certain areas:

- SMEs, unlike large companies, have a tendency toward more labour-intensive procedures of production. This is partially due to the product groups and industrial sub-sectors that they cover. SMEs thus make a substantial contribution to poverty reduction by increasing incomes and establishing job opportunities.
- There is plenty of evidence that SMEs have been successful in facilitating income repartition. That is a vital contribution to guaranteeing the stability of society long-term by decreasing ex-post redeployment pressure as well as decreasing economic inequalities between rural and urban areas.

In the United Kingdom, for instance, the Statistical Release 2014 (2014:2) shows that 99.3% of firms were SMEs at the start of 2014 and 99.9% at the end of the year. This amounted to

60% of all private sector employment, hiring some 15.2 million people. And the Statistical Release 2015 (2015:1) revealed that the same percentages were maintained for SMEs in the private sector. It also revealed the same total of 60% of all private sector employment, but cited a figure of 15.6 million people. This means more job creation and further reduction of poverty in the country. It shows the significant contribution of SMEs to the population of the UK.

In the United States of America (USA), SMEs are considered to be the backbone of the economy. Firoozmand et al. (2015:2) divulge in their report that SMEs make up 99% of all firms, hire more than 50% of people in the private sector, and created 65% of the net new private sector jobs in the USA for 2015.

In South Africa, 140 000 jobs were created in the informal and formal sectors in 2015. Most of these were made possible by the agriculture, financial and business sectors. But the community and social services sector as well as the transport sector cut a considerable number of jobs, and the unemployment rate increased to 26.4%, which is the highest rate since 2002 (Economic Overview, 2015:2).

2.11.2 Contribution of SMEs through venture creation and development in Libreville

In the Gabonese context, according to Boudiala Boudiala (2011:19), Libreville had an estimated population of 1 500 000 in 2011, of which 40% are economically active, precisely 600 000 people over fifteen years of age. That research divulged that 500 000 people are employed and about 100 000 people are unemployed. The same source also revealed that out of the total for the active population, 270 000 people worked for the SMMEs. Table 2.4, below, indicates the contribution of SMEs in Libreville. This table represents the growth of the active population of Gabon between 2005 and 2011 and the case of the SMMEs in the active population.

Table 2.4: Growth of the active population of Gabon between 2005 and 2011 and the case of SMMEs in the active population

Table 2.4: Growth of the active population of Gabon between 2005 and 2011 and the case of the SMMEs in the active population

	Population	2005	2011	Percentage of variation	Observation
1	Total Population of Gabon	1 300 000	1 500 000	15%	Growth
2	Total of the active population	505 617	600 000	18%	Growth
3	Number of unemployed	73 135	100 000	36%	Growth
4	Active population employed	432 482	500 000	13,5%	Growth
5	Active population employed by SMMEs	234 400	270 000	15%	Growth
6	Active population employed in the Large companies	198 082	230 000	16%	Growth
7	Total of active population in Gabon(in percentage)	40%	40%	0%	Maintained
8	Active population employed by SMMEs (in percentage)	54,10%	54,10%	0%	Maintained
9	Active population employed in the Large companies (in percentage)	45,90%	45,90%	0%	Maintained
10	Unemployment (In percentage)	14,46%	16,60%	2,4%	Growth

Source: Direction Générale des Petites et Moyennes Entreprises(2011) et DGSEE/ Ministère du plan (2005)

This table indicates an increase in the population of Gabon by 15% from 2005 to 2011, as well as an increase in the total of the economically active population, the number of unemployed, the active population employed, the active population employed by SMMEs and active population employed in the large companies. However it also reveals a slight increase in the unemployment rate of 2.4%.

SMMEs play an important role in the hiring process of the population of Gabon. In fact, over 54% of SMMEs offered jobs to the people by creating and developing their ventures. Despite the level of poverty, venture creation continues at a stable level. The development of an enterprise can be very challenging as it requires several strategies to be put in place to help the business grow and to create jobs for the community.

To support this view, Verwey (2011:4) confirms that individuals can overcome poverty and have a decent life through enterprise development and venture creation. Verwey (2011:4) identifies the different aspects of enterprise development necessary for the growth of a business so as to benefit a community. These parts comprise commercial business,

services, social, and enterprise and market development. By placing people in suitable roles and giving them proper mentoring, coaching and training, SMMEs can increase employment and reduce high levels of poverty.

In using the Gabonese and South African contexts as examples, it was mentioned that both countries are experiencing increased unemployment and the challenge of poverty reduction. Vandenberg (2006:9) maintains that poverty can be reduced with the development of profitable companies that provide sufficient revenue and profits for the workforce and entrepreneurs. On the other hand, limited income and wages can be the result of low productivity and/or dysfunctional micro and small companies.

2.12 Conclusion

This chapter has outlined the different challenges faced by entrepreneurs in the hospitality sector of venture creation and enterprise development in Libreville, specifically in hotels and restaurants. Various definitions of venture creation and enterprise development were provided and their different challenges and financial issues identified.

The study reveals that entrepreneurial branding associated with marketing is a significant factor in the success of hotels and restaurants. A brand represents the image and reputation of an organization and allows for communication between the organization and customers.

Critical success factors such as strategic choices, competitive factors and marketing were identified and discussed. This chapter also presented the various obstacles to accessing funding encountered by entrepreneurs. Chapter Three will focus on the design and methodology of the research.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The previous chapter surveyed the relevant literature on venture creation, enterprise development and the challenges for entrepreneurs starting up and developing their ventures. This chapter focuses on the research approach and research processes employed to examine the challenges that owners face in venture creation and enterprise development. The objective of the chapter is to describe and justify the choice of research design and methodology.

3.2 Objectives of study

The main objective of this research was to propose a business framework for venture creation in Libreville, Gabon. Its sub-objectives were to identify and analyse the main challenges for entrepreneurs in enterprise development and venture creation, to analyse the various financial issues they encounter in their businesses and to determine the impact of enterprise development and venture creation in addressing unemployment, poverty, inequality and socio-economic upliftment.

Since limited information is available regarding enterprise development and venture creation pertaining to hotels and restaurants in Libreville, a research framework had to be devised in order to obtain this information.

3.3 Research design

According to Bryman and Bell (2011:40), research design provides a framework for the collection and analysis of data. A choice of research design reflects decisions about the priority being given to a range of dimensions of the research process. These include the importance attached to expressing connections between variables, generalising to larger groups of individuals than those actually forming part of the investigation, understanding behaviours and the meaning of that behaviour in its specific social context, and having a temporal appreciation of social phenomena and their interconnections.

Kumar (2014: 123) sees the research design as a plan through which you decide for yourself and communicate to others your decisions regarding what kind of study you propose to conduct, how you will collect information from respondents, how you will select your respondents, how the information you will collect is to be analysed and how you will communicate your findings.

The quantitative method entails the collection of numerical data, exhibits a view of the relationship between theory and research as deductive, has a predilection for the natural science approach (and for positivism in particular), and embraces an objectivist conception of social reality (Bryman & Bell, 2011:150). The quantitative method was employed in this study, through the delivery of questionnaires to available business owners.

3.3.1 Descriptive research

A descriptive study attempts to describe systematically a situation, problem, phenomenon, service or programme, or provides information about, say, the living conditions of a community, or describes attitudes towards an issue (Kumar, 2014: 13). For instance, it may attempt to describe the types of service provided by an organisation, the administrative structure of an organisation, and so on. This research consists of a descriptive study, since the main question asked is: "how are hotels and restaurants created and developed in Libreville, Gabon?"

3.3.2 Description of the research population

According to Haralambos (2005), the term population refers to any group of individuals who have one or more characteristics in common that are of interest to the researcher. The research population in this study is limited to the owners of hotel and restaurant businesses in Libreville. 70 individuals formed the targeted sample population and assisted the researcher with data collection. Male and female owners were interviewed with no restriction on age. The population was not limited to Gabonese or local entrepreneurs, but included foreign entrepreneurs running businesses in Libreville. The study first sought to obtain general information about the background of the entrepreneur, then focused on his/her experience in managing the enterprise.

Some business owners were difficult to reach due to the fact that they owned other businesses. Those owners were either very busy or out of the country at the time of the research. So the researcher had to work with available managers and the person left in charge in the absence of the business owner. All information gathered from them involved the business owners and their enterprises only. In a meantime, meetings were set up with two government representatives, a General Director of SMMEs and a General Director of the CDE of Libreville, in order to access their files and reports. As a result of the meetings, one employee from each department was delegated to help the researcher with those documents.

3.3.3 Quantitative Research Methods

The quantitative approach differs from the qualitative approach in two specific ways: the former is objective, measuring something measurable; the latter is subjective, using personal perceptions to examine and reflect (Hussey & Hussey, 1997:29). Babbie and Mouton (2001:230) agree that quantitative research is a structured, factual process that examines a specific issue by means of numerical information.

Bryman and Bell (2011:150) point out that description of the research strategy as 'quantitative research' should not be taken to mean that the quantification of aspects of social life is all that distinguishes it from a qualitative research strategy. The fact that it has a distinctive epistemological and ontological position suggests that there is good deal more to it than the mere presence of numbers (Bryman & Bell, 2011:150).

3.3.4 Sampling design

According to Bouma and Ling (1999:112), sampling is an important feature of all research. The basic idea of sampling is that by selecting some elements within a population, we may draw conclusions about the entire population (Cooper & Schindler, 2003:178). For this study the snowballing technique was employed, a form of non-probability sampling.

3.3.5 Snowballing sampling technique

For the research, the snowballing technique for sample selection was employed. Businesses that were chosen had to be three years or older, the reason being that if the company had managed to survive that long, it was reasonable to infer that proper successful strategies might have been applied. A venture that achieves a positive cash flow quickly or within three years is attractive (Nieman & Nieuwenhuizen, 2009:89). Using the snowballing technique, the researcher first identified an appropriate person from the sample, and then got that person to draw other suitable people into the research (Tengeh, Ballard & Slabbert, 2011:374). This approach introduces an unplanned, positive aspect to the research: the participation of the interviewee is facilitated by the referral of a friend (McDonald et al., 1999).

This method was necessary for this research because of time constraints and to limit the expenditure of money and energy. The Gabonese infrastructure is still being developed so it was difficult for the respondent to identify hotels and restaurants in the absence of street names. The technique was very effective, saving the researcher from unnecessary driving around, and was therefore applied all the way. One of the difficulties lay in actually making contact with the business owner, as some of them were unavailable, too busy or not even in the country. So when the researcher struggled to track down entrepreneurs, she had to find

alternative ways of getting face-to-face interviews in the limited time available. That was when the snowballing sampling technique played an important role.

3.3.6 Sample size

The sample for this study consisted of 70 respondents. The Ministry of SME, Art and Commerce (*Le Ministère de PME de l'Artisanat et du Commerce*) deals with enterprises from various sectors of industry in Libreville, including the hospitality industry. This sector comprised 1076 hotels and restaurants in the year 2011 (Boudiala Boudiala, 2011:49. This report was the most recent at the time of data collection). How large a sample should be is a function of the population parameters under study and the precision of estimation on the part of the researcher (Cooper & Schindler, 2003: 190).

According to the Raosoft Sample Size Calculator and Survey Monkey, 5 – 10% is the typical margin of error that is tolerated for a proper study, with a level of confidence of above 90%. Based on Boudiala Boudiala's (2011) survey, in this study:

Total companies or total population: 1076

Margin of error: 10%

Confidence level: 90%

Recommended sample size = 64

- 69 business owners/entrepreneurs(per company)
- 5 Gabonese citizens or employees

Final sample size N= 74 respondents.

Unfortunately only **70** people were available and responded positively. Therefore the final sample size was 70 respondents, including 2 employees.

3.3.7 Pilot study

Before the gathering of data, a pilot study was conducted to test the questionnaire for weaknesses. According to Cooper and Schlinder (2003:86), the pilot project serves to detect any weaknesses in design and instrumentation and provides proxy data for selecting a probability sample. The questionnaire was first tested on 20 respondents in order to improve its quality and efficiency, and was then hand-delivered to all the target audience. The outcome of the pilot study shows:

- Some questions in the questionnaire were misunderstood by participants due to the academic language used.
- Some questions in the questionnaire were not very clear.
- Respondents were nervous about the confidentiality of the exercise.

3.3.8 Questionnaire structure and design

Certain decisions made during the early stages of the research process will influence the questionnaire design (Zikmund, Babbin, Carr & Griffin, 2010:336). The design and structure of a questionnaire are critical for the success of a survey.

In this study, the questionnaire consisted of two sections and contained 38 questions in total. Section A had five questions aimed at obtaining an overview of owners of restaurants and hotels, and acquiring some understanding of their backgrounds and education. These questions included age, marital status, gender, level of education, nationality and country of residence.

The questions in section B, on the other hand, were divided into three sections: management related questions, finance and government related questions, and concluding questions. All the questionnaires followed different routes as the respondents filled them in according to their experience and willingness to talk about the particular topic.

At the very beginning of the survey, the qualifying conditions to be interviewed were as follows:

- To have a business started from scratch
- Be an SMME
- Owners can be Gabonese or foreigners
- Owners of hotels and restaurants (Senior Managers, if owners are absent or unavailable, who must get the consent of the owner to be interviewed on their behalf)

In the questionnaire, the questions in section A sought information about the owners or founders of the hotels and restaurants. The first part of section B, management related questions, consisted of questions (6 to 27) intended to collect information on the management style, marketing and business positioning of the hotels and restaurants.

The second part of section B, namely finance and government related questions, comprised questions 28 to 35. In this part the study sought to identify and analyse the different sources of finance available to the owners as well the accessibility of these sources for entrepreneurs in Libreville. In addition, the study intended to analyse the implication and financial contribution of the government to SMMEs in start-up and development.

The last part of section B of the questionnaire, questions 35 to 38, were intended to motivate future entrepreneurs wishing to run similar kinds of businesses. The feedback from the respondents will serve as advice to help future entrepreneurs to overcome fears, constraints and lack of know-how, so as to find their way to success.

3.3.9 Data collection

Most methods of data collection can be used across studies whether classified as qualitative, quantitative or mixed method (Kumar, 2014:170). This study employed questionnaires for the collection of data.

3.3.9.1 Questionnaires

A questionnaire is one of a number of ways of getting information from people (or answers to research questions), usually by posing direct or indirect questions (Gillham, 2007:2). According to Cameron and Price (2009:252), questionnaires allow the researcher to gather data relatively cheaply from a large group of people. It also allows the researcher to integrate the collection of quantitative and qualitative data through one means of data-gathering. A questionnaire can be given to people to complete on their own or can be used on a face-to-face basis.

For data collection in this study, printed questionnaires were distributed and dropped off by the researcher. Respondents read the questions, interpret what is expected and then write down their answers (Kumar, 2014:178). Some questionnaires were filled in by the participants in the presence of the researcher and others were completed with the researcher through appointments with the identified respondents. The questionnaires were collected at agreed time, not more than two days later. The questionnaire was designed in an interactive style so the respondents could feel as if someone was talking to them. Kumar (2014:181) summarised the advantages of a questionnaire as follows:

It is less expensive: As you do not interview the respondents, you save time, and human and financial resources. The use of a questionnaire therefore is comparatively convenient and inexpensive, especially when it is administered collectively to a study population.

It offers greater anonymity: as there is no face-to-face interaction between respondents and interviewer, this method provides greater anonymity. In situations where sensitive questions are asked it helps to increase the likelihood of obtaining accurate information.

As far as this study is concerned, this research instrument was submitted to the CPUT ethics committee to make sure that it was consistent and accurate. (See questionnaire in annexure).

Limitations of the questionnaires

Questionnaires are quite difficult to design, so it is important to do a pilot study. Unless the researcher can have access to electronic distribution systems, the costs of a postal questionnaire can be significant. Response rates are often unpredictable and may be very

low, as a result of which the researcher might not obtain enough data. In addition, analysing open-ended answers may be extremely time-consuming (Cameron & Price, 2009:252). To these, Kumar (2014:180) added the following disadvantages:

- Self-selecting bias
- Lack of opportunity to clarify issues
- No opportunity for spontaneous responses
- The response to a question may be influenced by the response to other questions
- Others can influence the answers
- A response cannot be supplemented with other information.

3.4 Reliability and validity

Validity refers to the issue of whether or not an indicator (or set of indicators) that is derived to gauge a concept really measure that concept (Bryman & Bell, 2011:159). As for reliability, a measure is reliable to the degree that it supplies consistent results (Cooper & Schindler, 2014:260). Concerns around reliability and validity are usually associated with quantitative research. The concepts and the method to determine them derive from the defined and established structures and methods of data collection in quantitative research (Kumar, 2014:212). Since the current research employed a quantitative methodology, reliability and validity played a significant role.

3.4.1 Content validity

Content validity measures the extent to which the questionnaire provides adequate coverage of the investigative questions guiding the study (Cooper & Schindler, 2011:257). Kumar (2014:214) believes that this is easy to ensure. Each question or item on the research instrument must have a logical link with an objective. In this study, the content of the questionnaire was deliberately designed to answer the research questions and reach the research objectives. All the research questions and research objectives were accurately linked. The content of the questionnaire as a whole is focused on the main objective, which is to propose a business framework for enterprise development and venture creation in the case of hotels and restaurants in Libreville, Gabon.

3.4.2 Criterion validity

Criterion validity comprises two common types of validity measure, concurrent and predictive validity. According to Kumar (2014:215), predictive validity is judged by the degree to which an instrument can forecast an outcome, while concurrent validity is judged by how well an instrument compares with a second assessment concurrently done. For this study the

questionnaire was intended to have concurrent validity in finding out how hotels and restaurants are created and developed in Libreville, Gabon at the time of the research.

3.4.3 Reliability

The concept of reliability in relation to a research instrument has a similar meaning: if a research tool is consistent and stable, hence predictable and accurate, it is said to be reliable (Kumar, 2014:215). When you collect the same set of information more than once using the same instrument and get the same or similar results under the same or similar conditions, the instrument is considered reliable (Kumar, 2014:216). For this study, the majority of entrepreneurs provided similar answers. For instance, over 70% of participants who completed the questionnaire provided similar answers to question number 28 (see appendix).

3.5 Research ethics

Kumar (2014: 289) argues that the ethical issues to be considered are the same in both qualitative and quantitative research. Being ethical means adhering to the code of conduct that has evolved over years for acceptable professional practices. During the collection of data in this study, certain ethical issues relating to the researcher and to the participants had to be considered. Kumar (2014: 284-288) highlighted these issues by listing the following principles:

- The research must obtain the respondent's informed consent (see appendix)
- The researcher should maintain confidentiality
- The researcher should use appropriate research methodology
- The researcher must avoid bias
- The researcher must not use incorrect reporting to serve their own or someone else's interest.
- The researcher must avoid the possibility of causing harm to participants.

In the collection of secondary data, the researcher made sure to remain ethical in acknowledging in the list of References all the sources referred to in the text.

3.6 Data analysis

Information is examined by filtering it from one's primary and secondary sources (Brynard & Hanekom, 2006). This process is intended to uphold facts and discard immaterial information. These facts are then used to answer the research question. In this study the most important means of collecting information was the survey questionnaire. The structured

personal interviews were relevant to test the results of the survey. Structured personal interviews were conducted with the key informants, owners of hotels and restaurants and SMME support organisations. The choice of interviewees was based on an initial examination of the quantitative survey questionnaire results. The SPSS statistical package was used.

3.7 Conclusion

This chapter has outlined the methodology used in this research: a survey targeting the owners of hotels and restaurants in Libreville, Gabon. The key elements discussed were the objectives of the study, the research design, descriptive research, the research population, quantitative research methods, sampling design, the snowballing sampling technique, sample size, pilot study, questionnaire structure and design, data collection, reliability and validity, research ethics, and data analysis. The following chapter presents and analyses the findings and provides an interpretation of them. Some of the results will be displayed through the means of graphs or charts.

4. CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The previous chapter outlined the methodology of the research. This chapter presents the results by analysing the data gathered from the questionnaires administered. The results are linked with the research questions and objectives as previously formulated.

The results are presented under the following headings: general information, management related questions, finance and government related questions. The outcomes are presented in (pie) chart and then followed by analysis.

From a statistical analysis perspective, from 117 questionnaires that were distributed, a total of 70 responses were collected. This shows a percentage of about 60% responses for this study.

4.2 Results of the research

As indicated above, 70 business owners of restaurants and hotels formed the sample population, n=70.

The findings will be directed towards the main objective and sub-objectives of the study. These objectives were:

- To propose a business framework for venture creation in Libreville, Gabon.
- To identify and analyse the main challenges facing entrepreneurs in enterprise development and venture creation.
- To analyse the different financial issues they encounter in their businesses.
- To determine the impact of enterprise development and venture creation in addressing unemployment, poverty, inequality and socio-economic upliftment.

4.3 General Information

This section provides the general biographical information obtained about the owners of hotels and restaurants in Libreville.

4.3.1 Nationality of the respondents

The survey reveals that 61% of business owners interviewed are Gabonese and 39% of them are foreigners. The figure 4.1 shows the percentages of local entrepreneurs and foreign entrepreneurs interviewed.

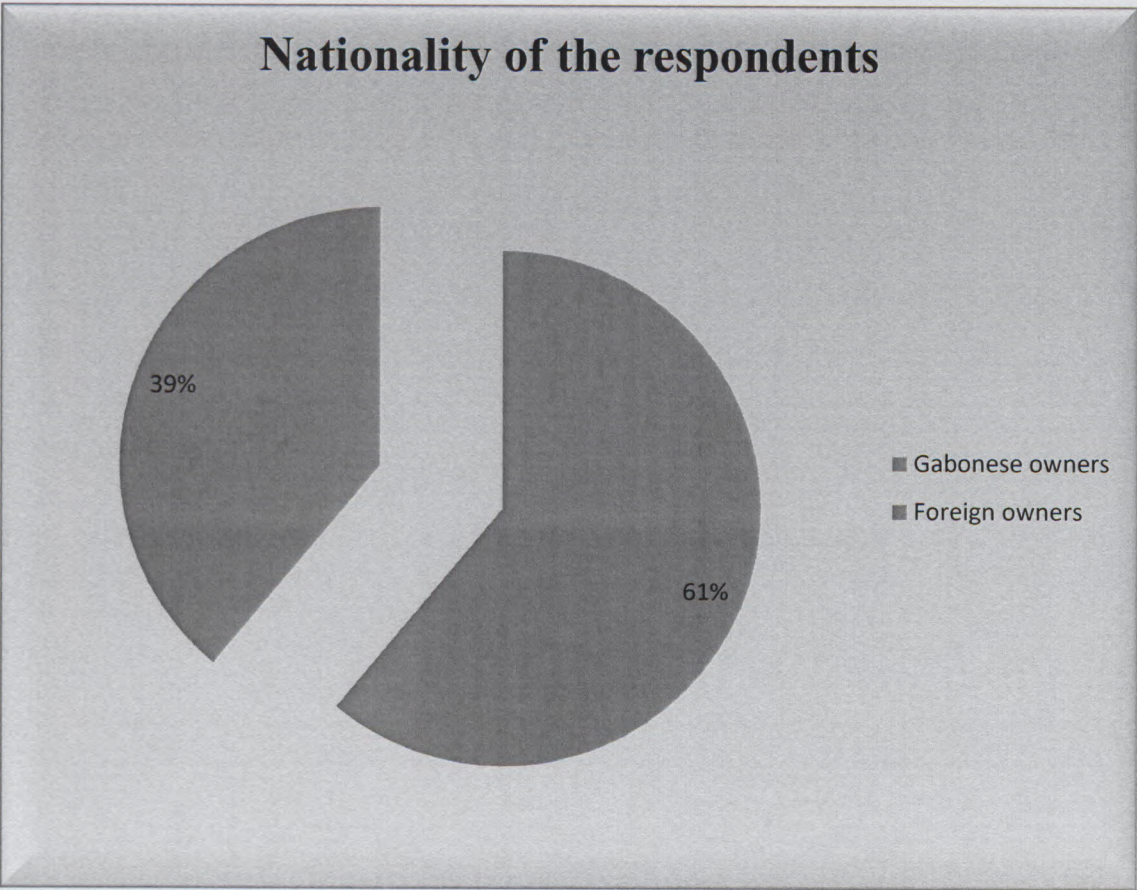


Figure 4.1: Nationality of respondents

4.3.2 Gender of the sampled population

Figure 4.2 shows an indication of the ownership between males and females. The research reveals that 44% of the sample comprised women entrepreneurs, with the majority of 56% being men entrepreneurs. While the research indicates that men entrepreneurs are more active than women, it also indicates that 44% of women are involved in numbers and want to be as independent as men financially.

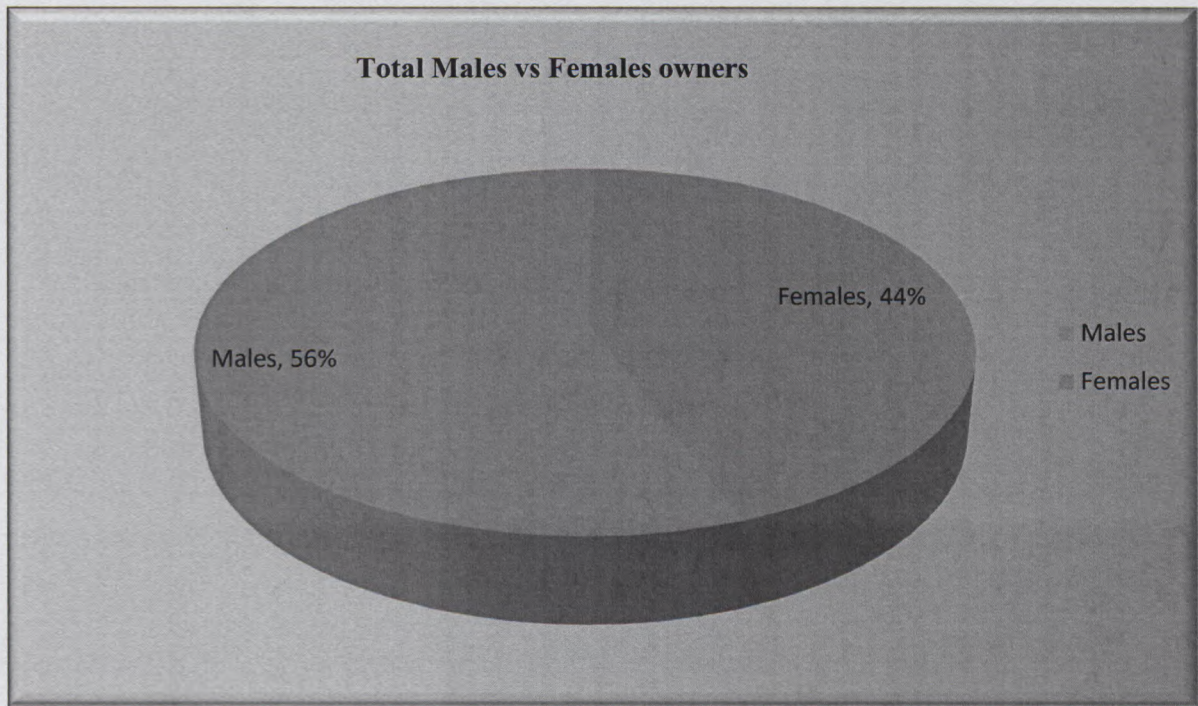


Figure 4.2: Gender of sampled population

The finding reflected in Figure 4.2 is consistent and comparable with Wang (2009:53) and Cupido (2002:69) who also found the majority of people starting businesses to be male. But the finding also demonstrates that despite the fact that men are dominant in that field, women are no less motivated to contribute to economic development and to provide employment opportunities not only for themselves, but for others as well. A common finding is that there are more similarities than differences between male and female entrepreneurs once they have actually started the business (Mahadea & Youngleson, 2013:518). In the literature review it was noted that according to Birley and Muzyka (2000:17-18), men's performance in venture creation is aimed at financial success while for women it is also about good employee and customer relationships. This makes women's involvement as consistent as men's in the hotel sector, because the requirements of the hospitality industry fit both men's and women's objectives.

4.3.3 Marital status

Figure 4.3 indicates the marital status of entrepreneurs interviewed. The response from the sample population indicates that a higher percentage of 53% of entrepreneurs are married, while 36% of them are single. 3% of entrepreneurs are widowed and the remaining 8% of them are engaged.

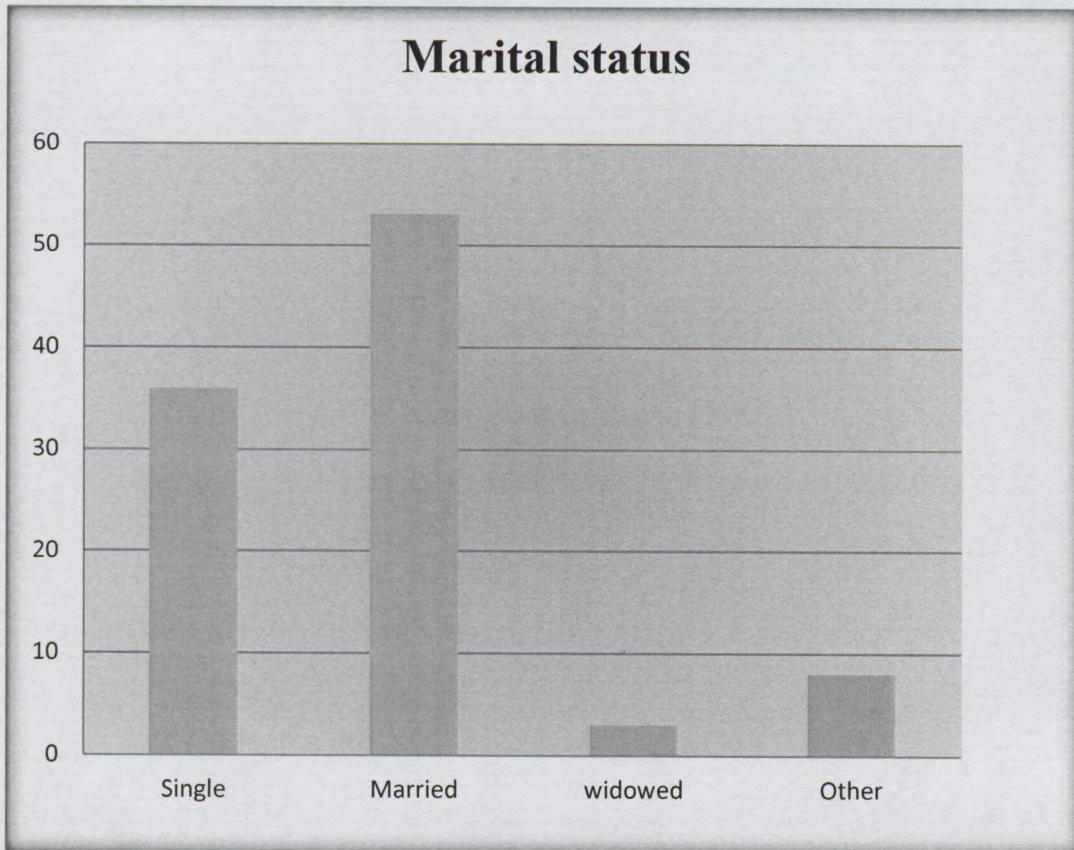


Figure 4.3: Marital status

4.3.4 Average age of entrepreneurs

Figure 4.4 indicates the average age of entrepreneurs interviewed. The highest percentage of 22% reflects the age range of 31-35, showing that those entrepreneurs have a big interest in entrepreneurship activities. About 17% of entrepreneurs belong to the age range of 51-55. 14% are in the age range of 36-40 and another 14% in the age range of 41-45. The 11% of entrepreneurs who fall into the age range 26-30 and the 8% of entrepreneurs in range of 18-25 are still novices in doing business. They do not want to work for employers and most of them mentioned that the business is a family business. 6% of the sample population which belong to the age range 46-50 have already established themselves and the remaining 8% are already retired but want to still be financially active.

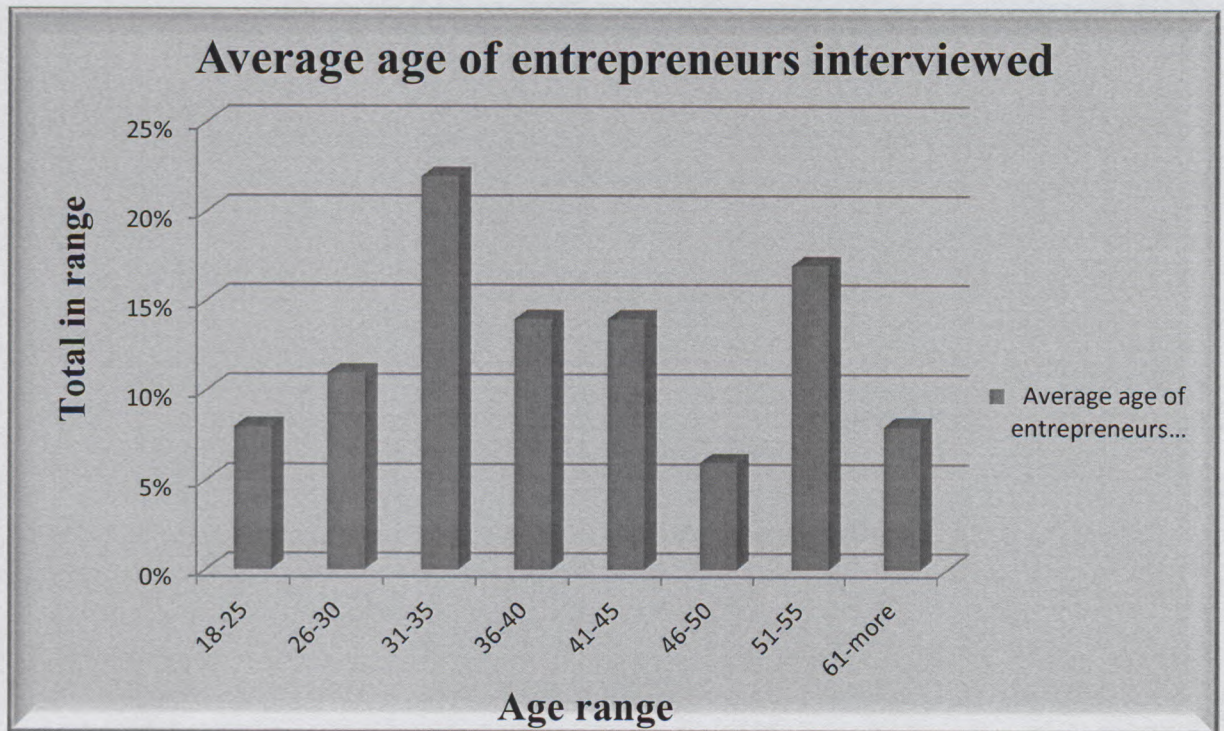


Figure 4.4: Average age of entrepreneurs

These findings are consistent with the findings of Khosa (2014:62), who had a predominant age group of 31 to 40, Tengeh (2011:184) with a predominant age group of 20 to 40, Richards (2006: 55) with a predominant age group of 30 to 39, and Wang (2009: 54) with a predominant age group of 31 to 40. It can be concluded that the early thirties seem to be the most common age at which entrepreneurs get involved in entrepreneurial activities.

4.3.5 Entrepreneurs' educational qualifications

Figure 4.5 indicates the educational qualifications of the entrepreneurs. The research revealed that a majority (28%) of the sample population finished high school and got their certificates. The second highest percentage of 22% belongs to entrepreneurs who earned a certificate and a diploma. 17% of entrepreneurs dropped out of secondary school and never got their matric. 11% of the sample population had a bachelor's degree, while 8% had a master's degree. 5% had a Diploma, 3% had PhDs, 3% post-doctoral qualifications, and the remaining 3% had no formal education but had experience in business.

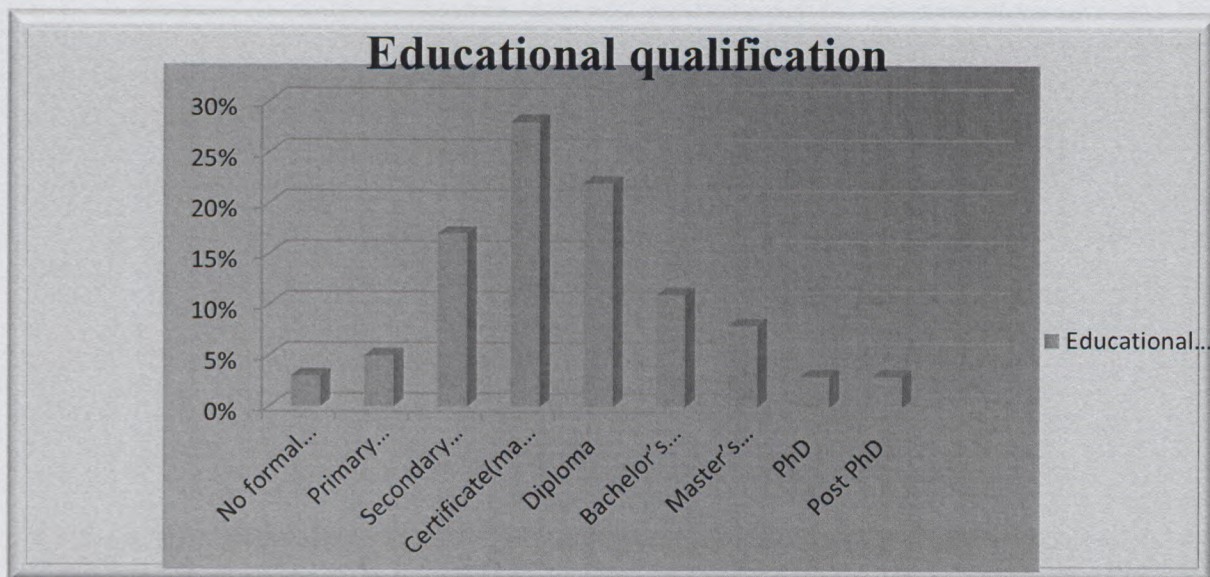


Figure 4.5: Entrepreneur's educational qualification

The finding represented in Figure 4.5 is consistent with the findings of Khosa (2014: 67), who reported that 77.6% of his respondents had completed their secondary schooling before starting their own businesses, and Richards (2006: 57), who reported a percentage of 62% of respondents opening businesses with secondary education behind them, regardless of the country in which they had acquired their educational qualifications. The researcher noticed that businesses run by respondents with tertiary education were doing extremely well.

4.4 Management related questions

This section presents the data regarding the ways in which the owners of hotels and restaurants manage their ventures in Libreville.

4.4.1 Registered businesses vs. non-registered businesses

Figure 4.6 illustrates the percentages of registered businesses and non-registered businesses. The survey reveals that an overwhelming majority (97%) of businesses had followed the right process and were legally registered, with about 3% remaining unregistered. The unregistered businesses comprise only restaurants.

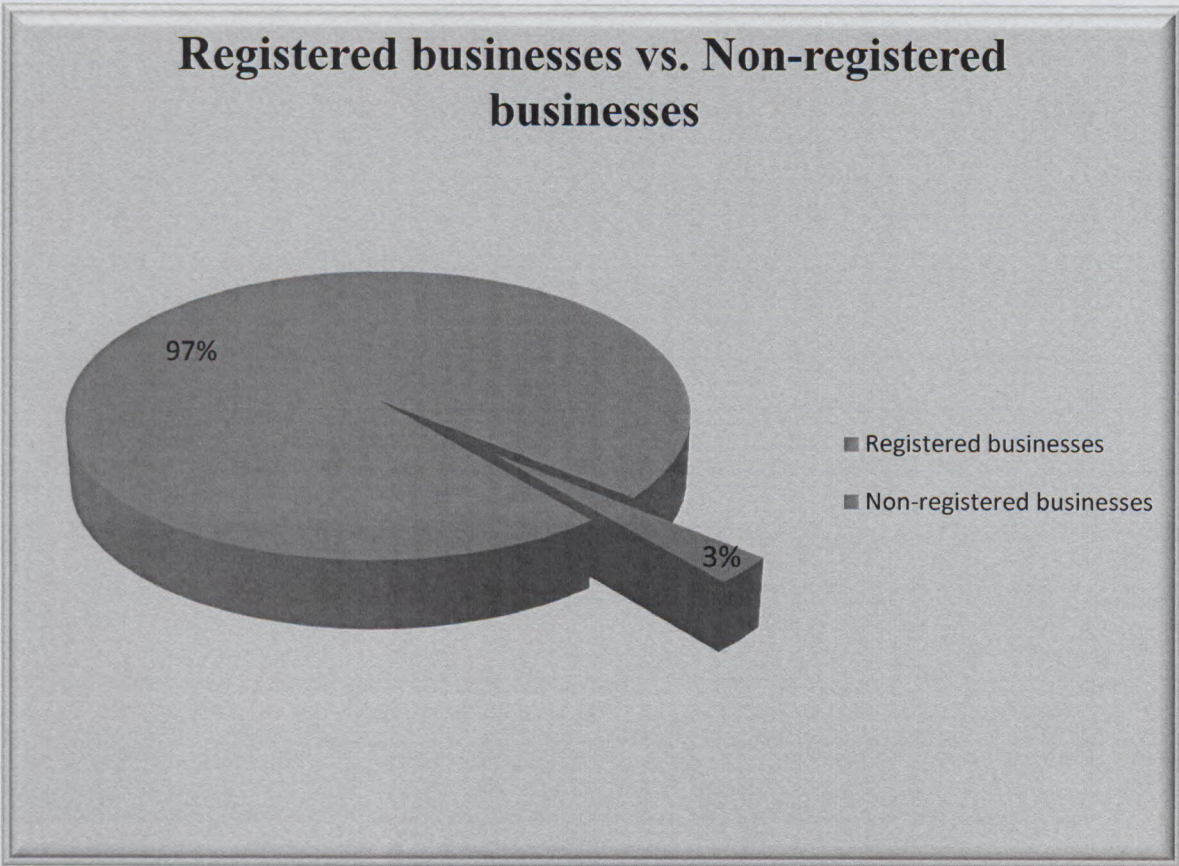


Figure 4.6: Registered businesses vs. Non-registered businesses

4.4.2 The use of marketing strategies

Figure 4.7 indicates the percentage of entrepreneurs using marketing strategies against those not using any marketing strategies. The research survey reveals that an overwhelming majority (78%) of the owners of hotels and restaurants make use of marketing strategies. The survey also reveals that out of the 78% of entrepreneurs using the marketing strategies, 14% use only word of mouth. The remaining 22% of business owners do not use any marketing strategies.

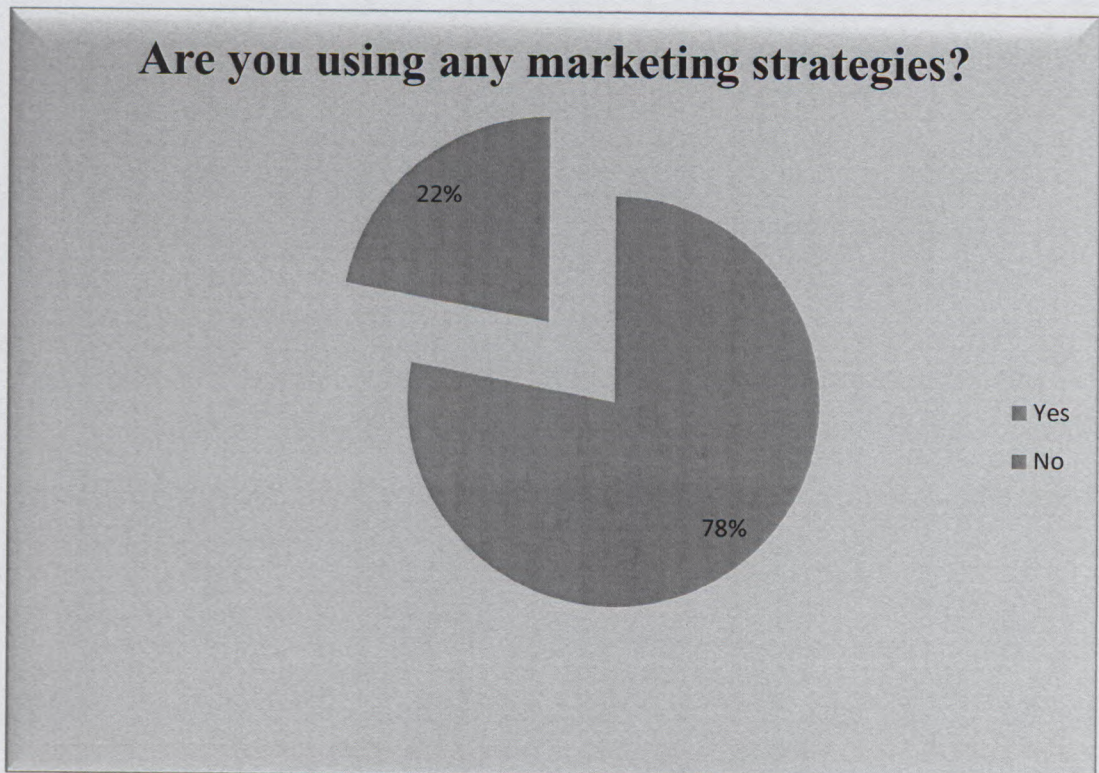


Figure 4.7: The use of marketing strategies

By asking this question the researcher wanted to find out if all owners included marketing in their strategic vision for starting and developing their businesses. Venter and Cloete (2007:229) postulate that marketing is crucial to developing hotel businesses because it is the best way to convey a consistent message to potential guests.

4.4.3 Marketing strategies used by the respondents

Figure 4.8 indicates by percentage the various marketing strategies used by owners of hotels and restaurants. The research reveals that 6% used newspapers and 9% magazines. Radio was used by 3% and TV by 9%. Moreover, 8% had recourse to billboards and 9% to flyers. Higher percentages were recorded for the social media (12%), email (10%), and the Web (12%). Other marketing strategies (such as the Yellow Pages) accounted for only 1%, while the remaining 21% relied solely on word of mouth. It would seem that too many respondents depend upon this indirect strategy rather than other marketing methods.

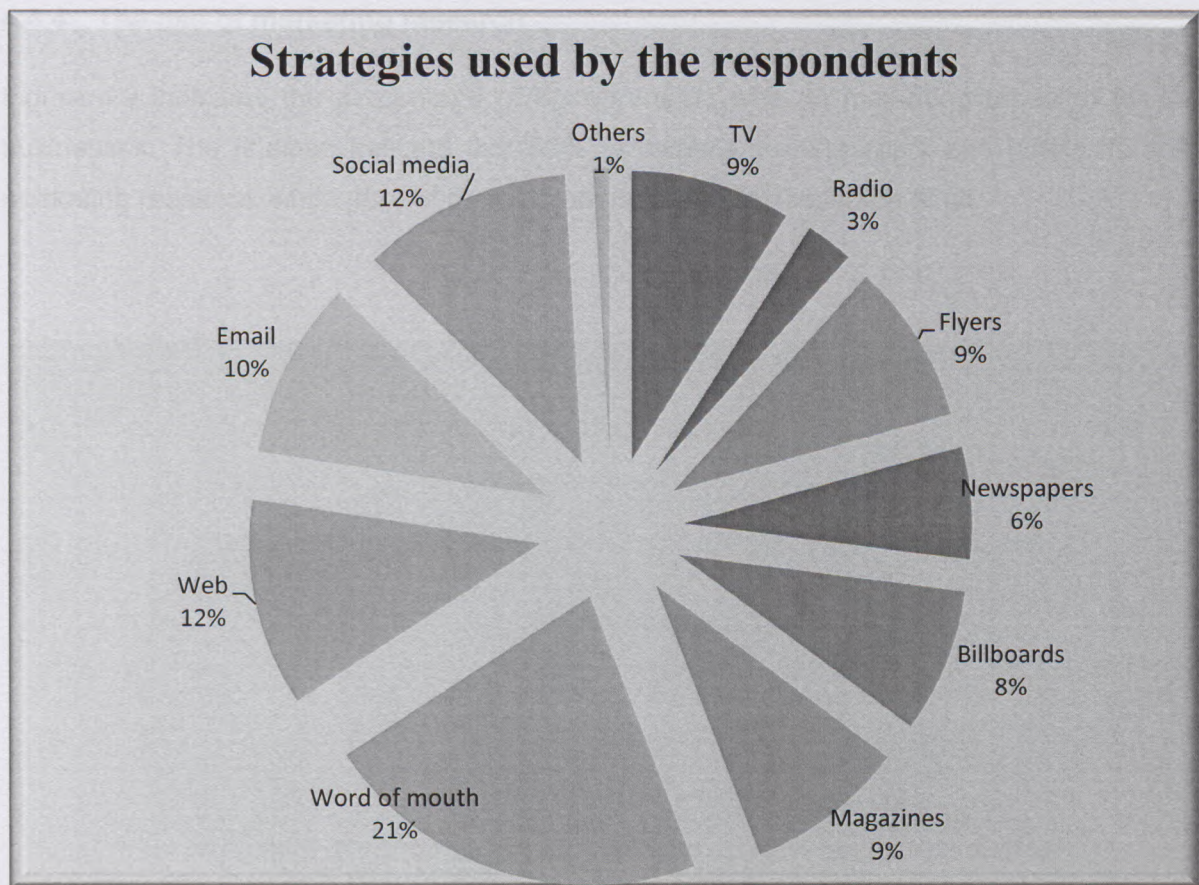


Figure 4.8: Marketing strategies used by the respondents

These findings are consistent with those of Abimbola (2001:101) and Venter and Cloete (2007:229), who maintain that a well-positioned brand name is a strong communication link between an enterprise and the market that has a positive effect on the enterprise's performance. It appears in this study that respondents rely strongly on word of mouth as a strategy of communication. Bennett et al., (2003: 238) confirm the importance of word of mouth, and agree that the aim of a communication strategy for service organisations like hotels and restaurants is to align client perception closely with actual deliverables, in order to reduce the incidence of dissatisfaction. Dissatisfaction can result for both clients and hotels when communication breaks down (Bennett *et al.*, 2003:238). However, word of mouth is just information about a service previously offered, specifying whether the customer liked it or not, which is spread to others. The findings of this study suggest that the respondents should also have recourse to other marketing strategies, for a proper market positioning and differentiation. Perreault et al., (2010:112) confirm that without that, it is hard for customers to differentiate among businesses, especially when competitors in a market appear to be very similar.

4.4.4 The use of marketing research

Figure 4.9 indicates the percentage of entrepreneurs who do marketing research for their businesses. The findings indicate that 52% of owners of restaurants and hotels do some marketing research, while 48% of them do not do marketing research at all.

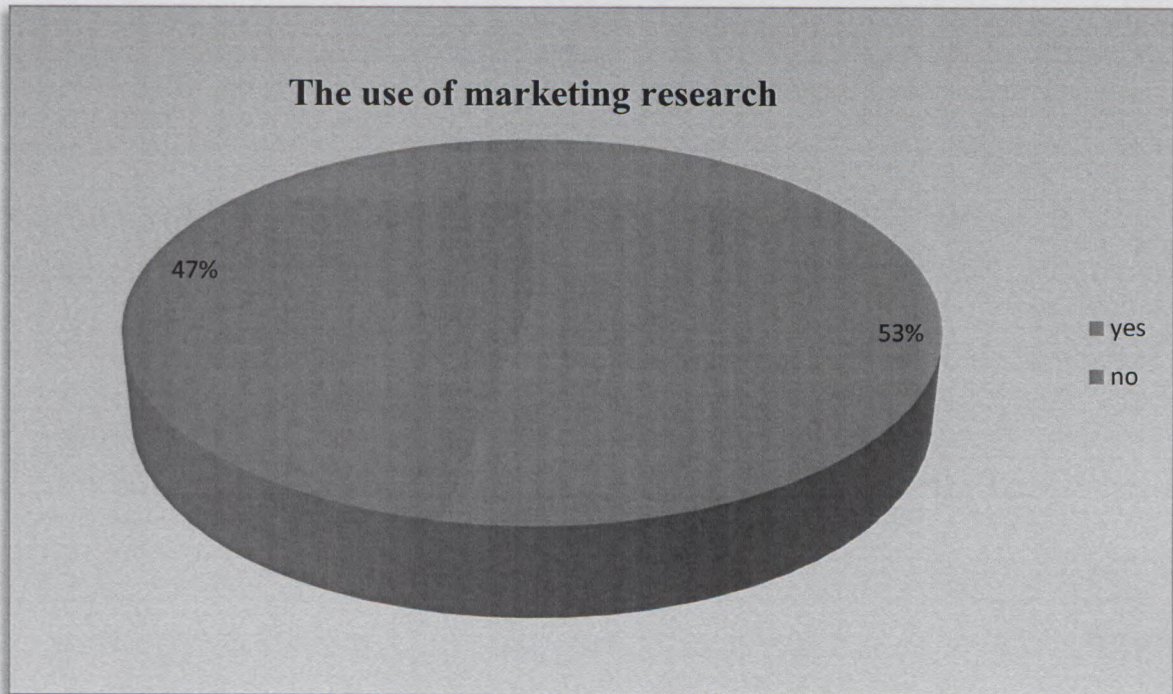


Figure 4.9: The use of marketing research

Malhotra and Birks (2003:6) confirm that marketing research is the key element within the total field of marketing information. McDaniels and Gates (2006:5) add that this is the function which links the consumer, customer, and public to the marketer through information, and this information is used to identify and define marketing opportunities and problems; to generate, refine and evaluate marketing actions; to monitor marketing performance and improve the understanding of marketing as a process. This view suggests that owners of hotels and restaurants should do marketing research in order to accomplish their marketing objectives.

4.4.5 The frequency of marketing research

Figure 4.10 illustrates how often marketing research is done by entrepreneurs annually. The findings indicate that out of the 53% of business owners who claimed to be doing marketing research, about 37% of owners of hotels and restaurants do some marketing research twice a year, and another 37% do marketing research once a year. The remaining 26% of entrepreneurs conduct research three times a year. The objective of the research is to meet needs and wants of their customers.

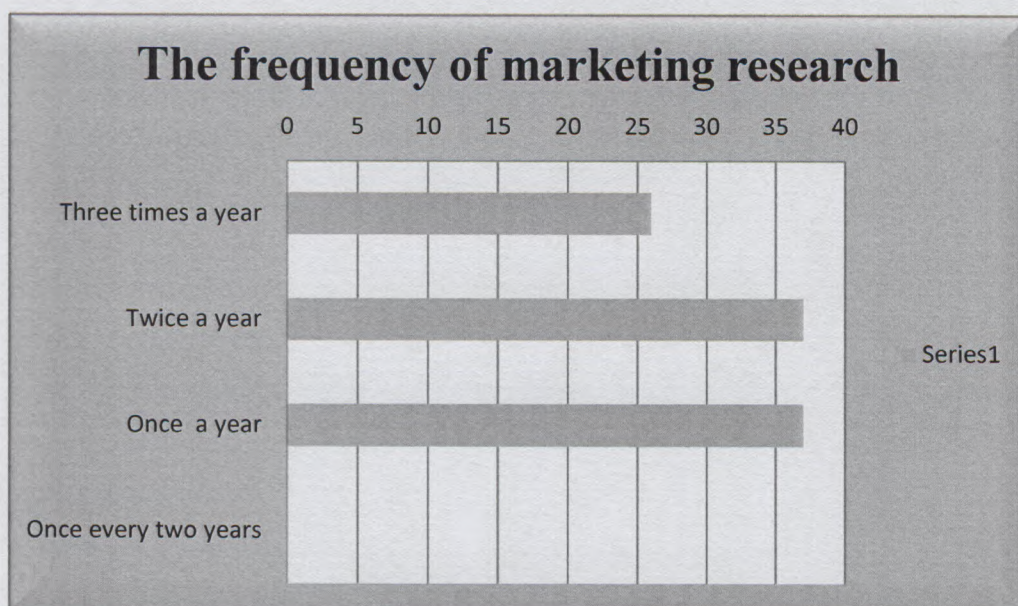


Figure 4.10: The frequency of marketing research

Many researchers agree that the frequency of marketing research will vary according to the needs of the enterprise. Baldwin (2007:3) identifies some of the reasons which can prevent the researcher from undertaking market research, which include limited financial resources, because precise objectives have not been formulated; because the costs of conducting research outweigh the benefits; and inappropriate timing.

4.4.6 The study of the environment

Figure 4.11 reveals that 58% of owners of restaurants and hotels had conducted a study of the environment before opening their businesses, while 42% had done no environmental study at all. Study of the environment plays a significant role in the establishment of a business: the owner should be aware of the presence of competition or other external factors, and likely customer demands. This will enable him or her to come up with appropriate strategies for differentiation and positioning.

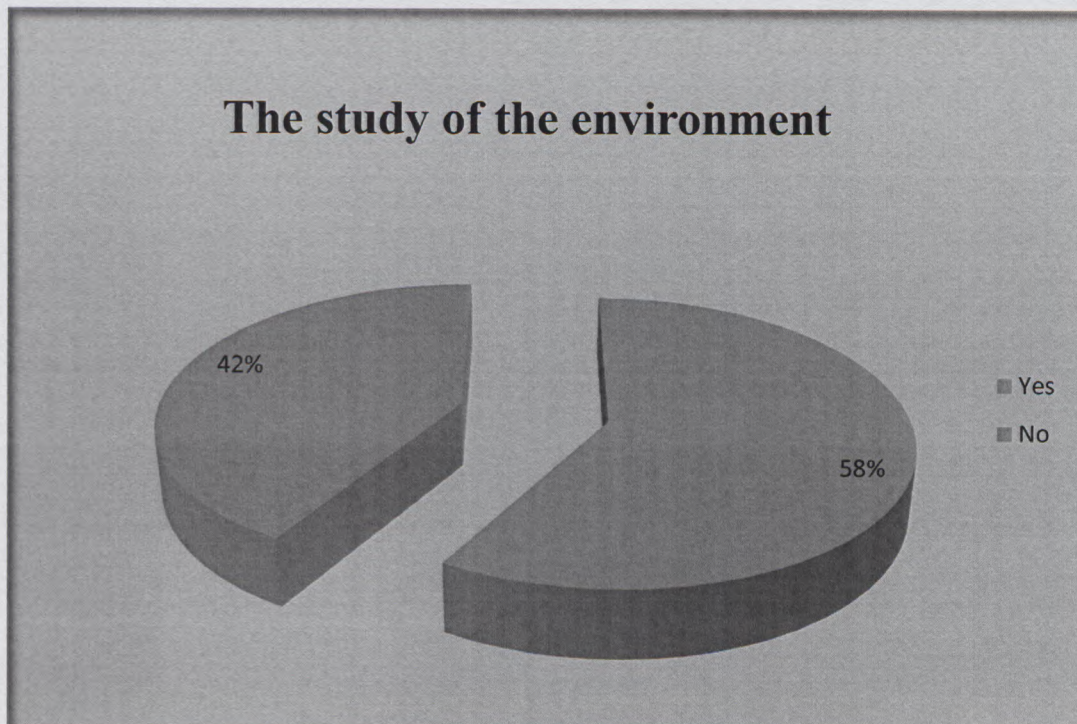


Figure 4.11: The study of the environment

The finding reflected in Figure 4.11 suggests that the majority of respondents see the importance of researching the environment during the start-up phase of the business. Pride and Ferrell (2010:64) explain that the marketing environment consists of external forces that directly and indirectly influence an organisation's acquisition of inputs (human, financial, natural resources and raw materials, and information) and creation of output (goods and services, or ideas). The marketing environment comprises six factors: competitive, economic, political, legal and regulatory, technologic and sociocultural (Pride & Ferrell, 2010: 64). The environmental issues mentioned by respondents in this field include:

- strong competition;
- respondents being unhappy with their current location, and
- The involvement of City Hall and Public Hygiene Institute and Sanitation (Health Ministry), since the Health Ministry ensures that enterprises provide a clean environment and that hygienic condition are maintained. They also ensure that all taxes are paid. 81% of owners fear the involvement of these two public organisations.

The objective of collecting environmental data is to detect and assess trends that could influence the firm or its target market early, and to identify future market opportunities (mostly unmet market needs) and potential threats early. Lamb et al. (2008:38) add that variables

that are uncontrollable include economic variables such as competition, social factors, demographic factors, legal factors, political factors, and technological factors.

4.4.7 Advertising frequency

Figure 4.12 illustrates how frequently entrepreneurs advertise their businesses. The response from the sample population indicates that about 31% of entrepreneurs advertise their businesses very often and about 37% of entrepreneurs advertise their businesses often. About 12% of business owners advertise their enterprises rarely and about 3% very seldom. Finally, about 17% never advertise their businesses at all.

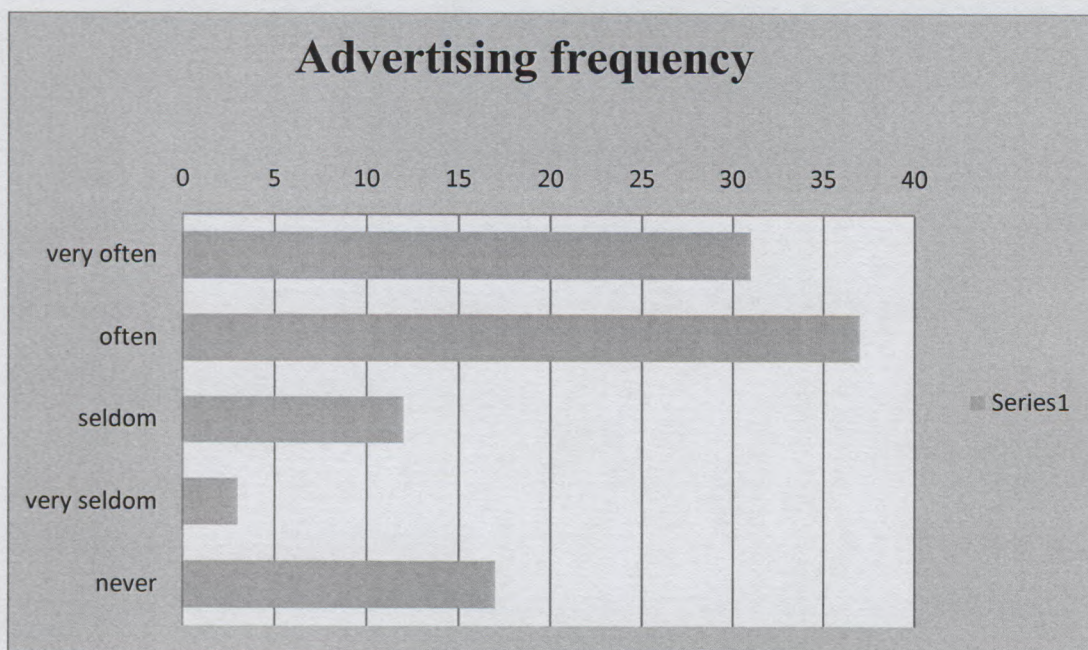


Figure 4.12: Advertising frequency

4.4.8 Business plan and management training vs. no business plan and no management training

Figure 4.13 represents percentages of entrepreneurs starting a business with a business plan and management training, and against those starting a business with no business plan and no training. The survey reveals that 69% of the owners of restaurants and hotels started their businesses with a business plan and formal experience, while 75% received had some management experience and training. On the other hand, 31% had no business plan and 25% had no formal management training. The results also reveal that 67% of the sample population have experience in this type of enterprise and 33% do not.

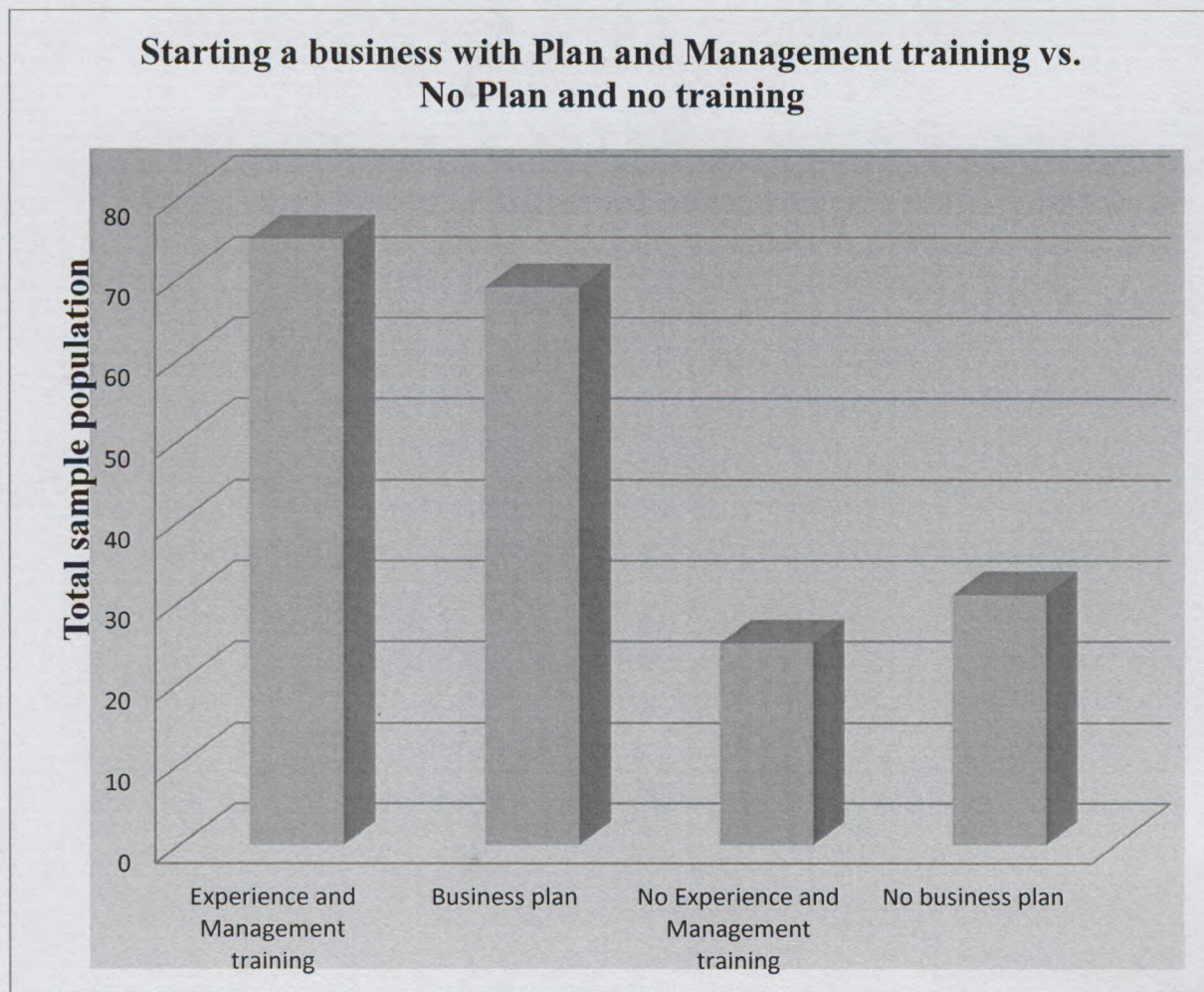


Figure 4.13: Business plan and management training vs. no business plan and no management training

Analysis of the figure 4.2.13 indicates that there are still entrepreneurs who do not consider a business plan for their businesses to be important, while this study strongly suggests the opposite. Dlabay et al. (2009:140) and Hisrish et al. (2010:191) acknowledge the significance of a business plan and emphasize that a business plan is valuable to the entrepreneur, potential investors and even new personnel who are trying to familiarize themselves with the venture, its goals and objectives. Nieman and Neuwenhuizen (2013:120) argue that compiling a business plan is important for obtaining funding; it also serves an internal purpose and helps to reduce risk in the venture creation process.

As far as management training is concerned, there were numbers of respondents who had had no management training. Walker and Miller (2010: 239) believe that when an employer has not received good training, there is likely to be an atmosphere of tension and crisis and conflict all the time, because nobody is quite sure of how the various jobs are supposed to be done and who has responsibility for what.

4.4.9 Experience of working in hospitality

The figure 4.14 shows an indication of the percentage of entrepreneurs who have the experience in working in hotels and restaurants industry. The response of the sample population indicates that 67% of owners of hotels and restaurants have the experience in working in that type of business, and 33% of them have got no experience in working that type of business.

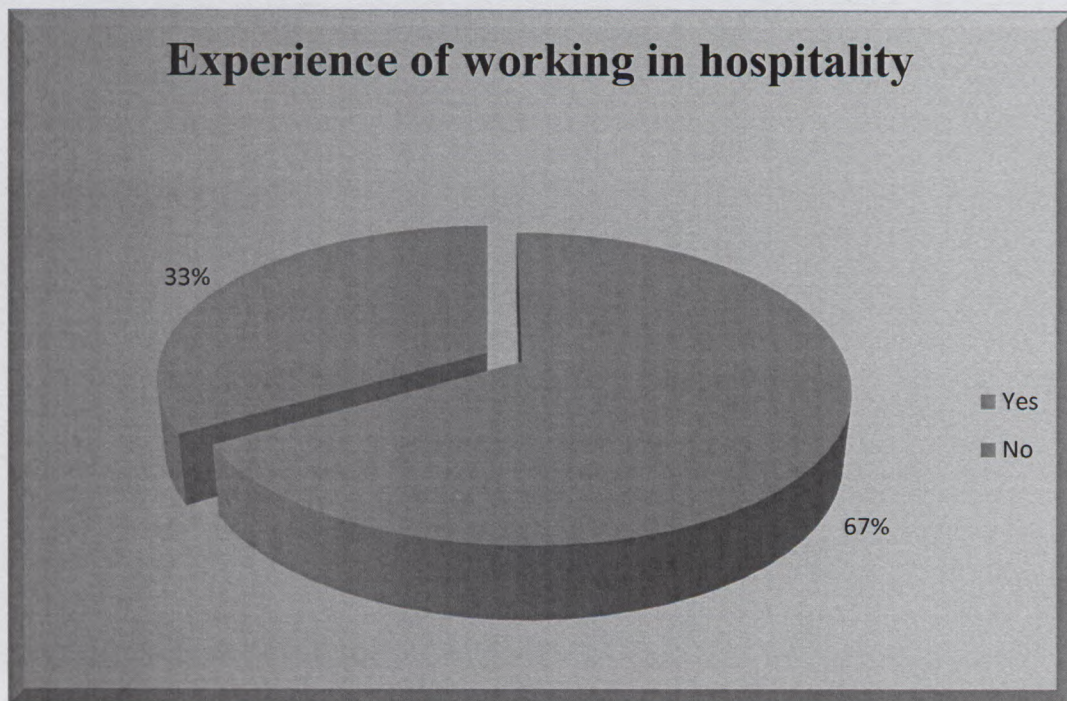


Figure 4.14: Experience of working in hospitality

4.4.10 In which department would you like to improve your company?

Figure 4.15 indicates which fields of their businesses entrepreneurs would like to improve and run more effectively. The response from the sample population indicates that 23% of owners of hotels and restaurants would like to make improvements in the marketing department. About 19% of owners would like to improve the whole venture; about 17% owners would like to make improvements in management and 15% in administration. Only 11% of owners would like to make changes in the financial department. On the other hand, only 9% of business owners are happy with the way their businesses are running and do not want to make any changes. Finally, 6% of them would like improve the layout of the rooms of their hotels, service quality and technical and human resources.



Figure 4.15: Desired improvement in the company

These findings are consistent with the findings of Chu (2014:29-41), who highlights the importance in the hotel sector of each of the departments represented in Figure 4.15. By asking the question “in which department have you improved or would you like to improve your company?” the researcher had the objective of linking the responses with the different challenges mentioned by the respondents in each department during the creation and development of their ventures.

A majority of respondents (66%) pointed out more obstacles in several departments, including marketing, human resources and finance, and technology departments.

- In the management department the issues found included: poor management style, the struggle to cope with everyday administration.
- In the finance department the predominant issues found were: lack of access to finance and not reaching financial objectives.
- In the human resources department: unskilled and unmotivated team as well as their lack of training and commitment. Chon and Maier (2010: 166) believe that the strength of the hotel and restaurant sector lies in employees’ motivation level and dedication to customer service. They cite the cost of training and developing personnel as an area of concern.

- In the marketing department the issues found included: being unhappy with the current location, strong competition, difficulties in making customers loyal or an absence of customers, and service quality. According to Bowie and Buttle (2004:10), the key feature of marketing in the hotel and restaurant sector is that these businesses have an external focus and are constantly researching their customer needs and wants, their competitors, and the environment in which they operate.
- In the technological context, 22% of the respondents pointed to technological change and the difficulties they were experiencing in accessing new and updated technology products for the entire business. According to Enz (2010: 50-51), technology includes machinery, computers and information systems, and he notes that the hospitality industry faces the challenge of selecting appropriate technologies for consumers.

4.5 Financially related questions

This section provides the results pertaining to the financial aspect of the businesses and financial challenges faced by the respondents.

4.5.1 Sources of finance for interviewed entrepreneurs

Figure 4.16 illustrates the different types of finance used by the entrepreneurs interviewed. The survey reveals that about 72% of the sample population started their ventures with their own capital only and are still developing them with their own funds. About 11% of the sample population started their businesses with mixed finance: getting help from the bank to add to their own capital. They are still following the same process when developing their businesses. About 8% of entrepreneurs received financial assistance from banks and 3% from the government. Finally, 6% of the sample population receive financial help from loan associations, whether family or friends. The research shows that most of these entrepreneurs never asked for financial assistance from financial institutions, and very few of them mentioned that the process was lengthy and that they stood little chance of getting any financial help.

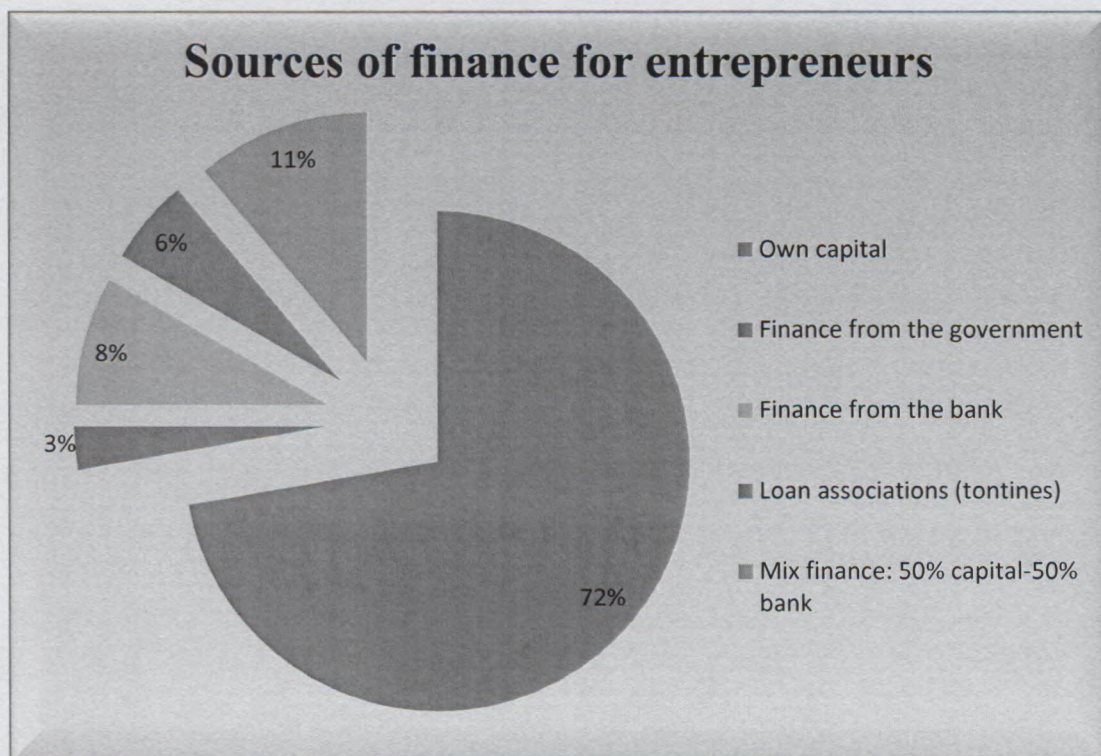


Figure 4.16: Sources of finance for interviewed entrepreneurs

From Figure 4.16 above, it can be seen that an overwhelming 72% of owners use personal funds to create their ventures. These findings are consistent with those of Tengeh (2011:208), who found that 61.2% of entrepreneurs used their own funds as their major source of capital, and Khosa (2014:79), who reported 36.6% of his respondents used their own capital. Nieman and Nieuwenhuizen (2013:191) believe that for a firm to grow fast, it will need access to finance, which will quite often require venture capital funding or an injection of private equity. Hisrich et al. (2010:308) insist that one of the most difficult problems in the new venture creation process is obtaining financing.

4.5.2 Reasons for not getting financing help from the government

Figure 4.17 illustrates the reasons why entrepreneurs are not getting financing help from the government. The response from the sample population indicates that 72% of the owners of restaurants and hotels have never asked for finance from the government. About 17% of entrepreneurs find the process of getting finance very long. 3% of entrepreneurs have applied for finance but been rejected, while 8% of owners gave others reasons such as: they had never thought of asking for finance, the business was sponsored by another government department, and the venture was not registered in the past.

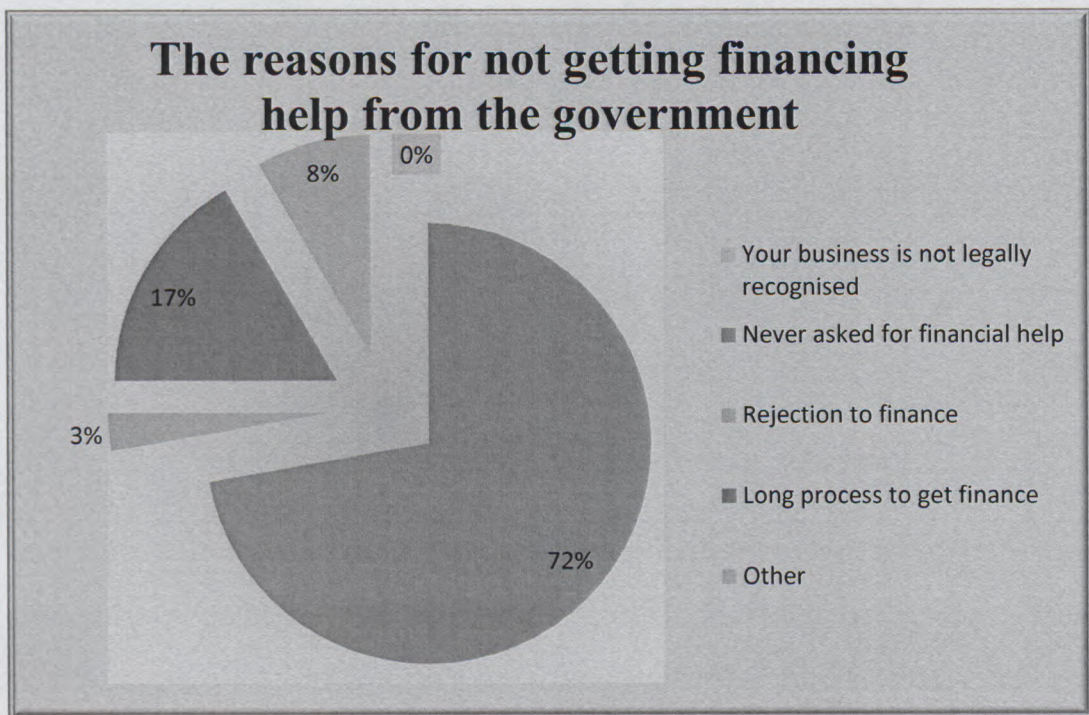


Figure 4.17: Reasons for not getting financing help from the government

The findings in Figure 4.17 report that 72% of respondents never asked for financial help. The researcher noticed that these respondents were aware of the fact that their personal efforts to raise finance were crucial, and that they felt that they could only trust themselves. One participant wrote this:

“Starting and improving a business is a very challenging process with limited finance. I never asked any money from the bank or government because the process is long and I know they will not grant the money to me...” (Willy)

Without financial resources, a new venture will not be able to obtain the resources and the trade to exploit their business idea, no matter how good it is (Blundel & Lockett, 2011:190). Edeson (2014:52) argues that government support can greatly assist local entrepreneurs’ efforts, but funding is less stable due to the changing demands for government funds, the health of the local economy, and the fortunes of local politicians. Nieman and Nieuwenhuizen (2013: 191) point out that access to finance is acknowledged worldwide as being a barrier to entrepreneurship. This explains why the respondents rely most on their personal funds.

4.5.3 Government service rating

Figure 4.18 indicates the responses of the entrepreneurs when they were asked to rate the service of the government, from very poor to excellent. The government has the potential to assist entrepreneurs with funding and business advices to increase the amount of venture creation and development. The results indicate that 19% of entrepreneurs rated government service very poor, and 40% rated it poor. Thus a total of 59% of owners of hotels and

restaurants are very unhappy about the services rendered by the government. On the other hand, only 11% of entrepreneurs find the service provided by the government very good and 8% rated it excellent. Therefore, 19% of owners of hotels and restaurants are happy with the service provided by the government, although 22% of entrepreneurs were reasonably content, rating the service good.

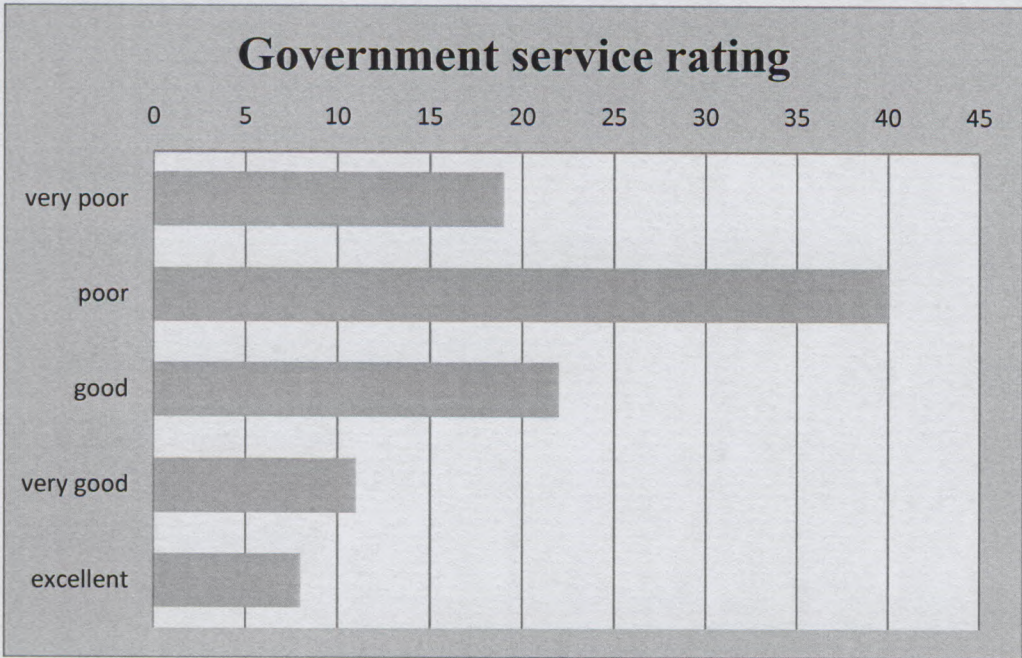


Figure 4.18: Government service rating

4.5.4 The company’s expenses and expected sales

Figure 4.19 indicates the profitability of hotels and restaurants by showing whether expenses are higher than expected sales. The survey reveals that 47% of business owners are spending more than they are making, suggesting that they are not managing their finances properly. 53% of owners of restaurants and hotels are making a profit, indicating that their businesses are running properly.

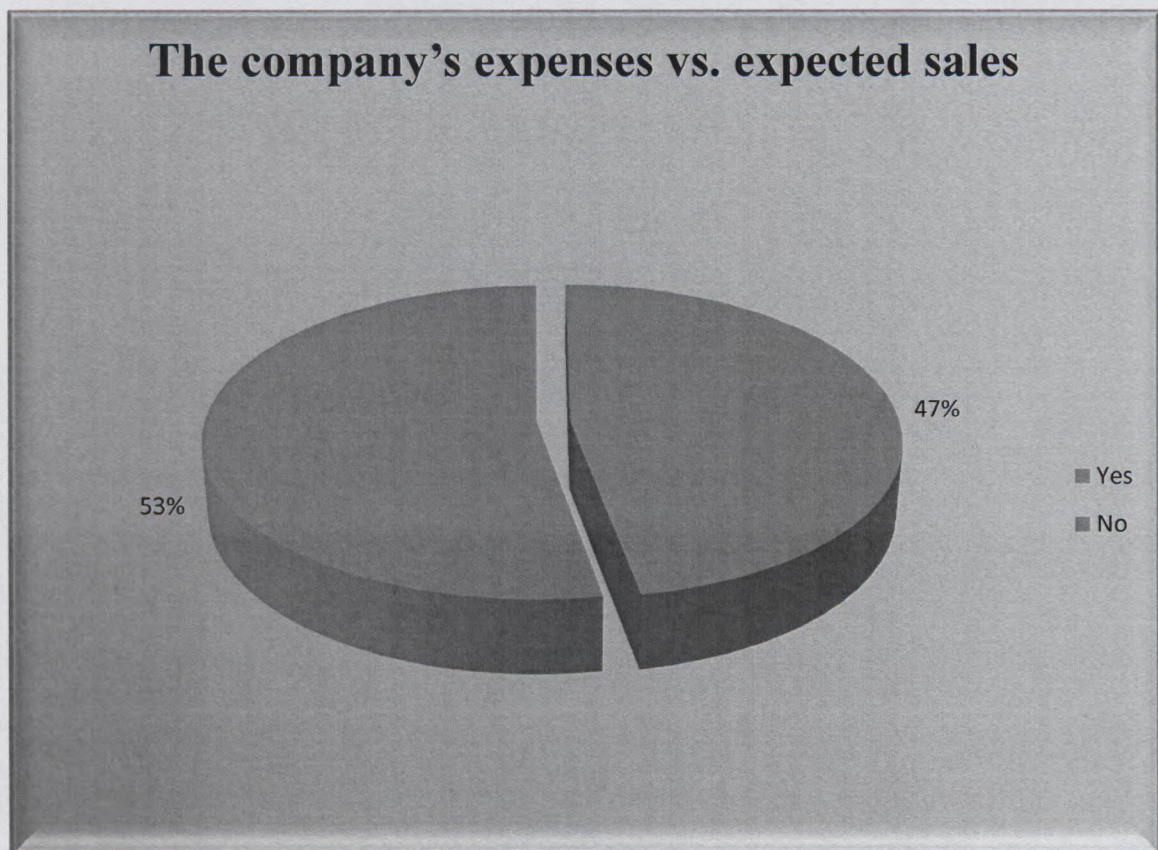


Figure 4.19: the Company's expenses vs. expected sales

Marx et al. (2009:7) agree that the medium- and long-term goal of both owner and management should be to increase the value of the firm; this can be done by investing in assets that will add value to the firm and by keeping the firm's cost of capital as low as possible. Although this finding suggests that most owners of hotels and restaurants in Gabon are making a profit, this does not always mean that the company is profitable. The majority (51%) of participants like Claudia (owner of a hotel) commented that:

“The return on investment is still lower than our investment for the business despite the good profit we are making”.

Return on investment being long run objective shows how great the capital has been invested when considering all profits made. It can be said that when the return on investment does not cover the investment in the business as planned by the entrepreneur, it may indicate a business failure in a long run.

Some people believe that the firm's objective is always to maximise profit (Gitman, 2009:14), while others believe that it is to maximise wealth (Marx et al., 2009:7). Marx et al. (2009:7) and Gitman (2009:14-15) agree that from a financial point of view the goal is to maximise

shareholders' wealth, and they provide the following reasons why wealth maximisation is preferable to profit maximisation:

1. Shareholders expect to receive a return in the form of a periodic cash dividend payment reflecting an increase in the value of members' contribution.
2. Profit maximisation is a short-term approach, while wealth maximisation is based on long-term prospects. Profit maximisation entails maximising revenue from sales, and restricting expenses to the essentials.
3. Profit maximisation does not take risk into consideration. With the wealth-maximisation approach, differences in risk receive high priority when evaluating alternative investments.

4.5.5 Themes emanating

This thesis has examined enterprise development and venture creation in Libreville, Gabon. The research was conducted with the owners or managers of various types of hotels and restaurants, in order to gather information on their start-up and growth phase in Libreville. The results of the findings show that the key elements which can lead to the failure of SMMEs include limited access to finance from financial institutions to serve as capital for establishing a new business, and difficulties with meeting financial objectives.

Although the study reveals that most entrepreneurs have some knowledge of entrepreneurship activities and had completed their secondary school, the research suggests that there are still challenges that can have a negative impact and prevent a business from meeting its financial objectives. With the sentiments shared by the majority of respondents, the challenges identified were found in the management department, in the finance department, the human resources department, the marketing department, as well as in the technological context.

The majority of owners of restaurants and hotels in Libreville are unsatisfied with the service rendered by the government, rating it "poor". In the mind-set of the majority of entrepreneurs is the belief that they would never get any financial assistance from the government and therefore have no reason to ask the government for financial help.

The sub objective which aims to determine the impact of enterprise development and venture creation in addressing unemployment and poverty, inequality and socio-economic upliftment was discussed in the form of literature review in the chapter two. In fact, unemployment and poverty are major issues in developing countries. The research shows that people can overcome poverty and have a decent life through venture creation and development of

productive enterprises. Despite the level of poverty in Libreville, SMMEs provide job creation and opportunity for the community. SMMEs should be seen as a vehicle to address unemployment and poverty and to boost the economy of a country.

4.6 Conclusion

This chapter presented and analysed the quantitative findings of the study. The findings were presented through pie charts and graphs, followed by analysis. Findings were compared to the findings of other researchers as well as the literature reviewed in Chapter 2. Chapter 5 will propose a framework for enterprise development and venture creation in Libreville, Gabon.

CHAPTER FIVE

A PROPOSED BUSINESS FRAMEWORK FOR ENTERPRISE DEVELOPMENT AND VENTURE CREATION IN LIBREVILLE, GABON (THE CASE OF HOTELS AND RESTAURANTS)

5.1 Introduction

In the preceding chapter the findings of the research were presented and discussed. In this chapter a business framework for enterprise and venture creation for hotels and restaurants in Libreville is proposed. It is based on aspects of the literature review and the outcomes of the survey.

5.2 Construction of a framework for venture creation and development for hotels and restaurants in Libreville, Gabon

For the construction of a framework for venture creation and enterprise development in the case of hotels and restaurants in Libreville, Gabon, the study made use of two important models: those of Venter and Cloete (2007:11-12), and Carland and Carland (2000:8). The two models are used in the study to clarify what is meant by enterprise development and successful venture creation.

These models were chosen because of their relevance to the research objectives of the study. In the context of the development of hotels and restaurants, there are several elements that must be focused on for a company to survive and reach success. Venter and Cloete's model provides an overall picture of hotel development for hotel operators.

5.3 The Venter and Cloete model (2007)

The development of a hotel is a long process which can sometimes take years to be accomplished. The development objectives of owners and investors must be tailored to meet the demands of the market in providing quality service and products. These objectives are set according to the hotel's commitment to achieving market satisfaction. So the development process involves all potential stakeholders, such as the owner, investor, and operator, as well as the people who are to be assisted (Venter & Cloete, 2007:5)

5.3.1 The hotel property development process

According to Venter and Cloete (2007:4-5) this is a very challenging process which requires coordination, expertise and proficiency from various professionals. There are several departments to consider in the development of a hotel: financial, construction, public sector and market analysis. In the case of finance, cash flow should be generated during the

development process of a hotel. Then, on the construction side, the project must be coordinated by a team of experts that includes contractors, engineers and architects. Thirdly, in the public sector, the procedure for development must be respected by the owner, and approved by the local government, meeting the terms and conditions of lawfulness. Finally, the most significant aspect is customer satisfaction. The person in charge of the development must properly analyse the market segment and its demands in order to create the required space.

In constructing their model, Venter and Cloete used different stages proposed by other studies conducted decades ago. Wurtzebach et al. (1995:652) proposed eight stages in the real estate development process, not all of which necessarily apply in every case:

- a. Inception and Idea
- b. Refining Idea
- c. Viability
- d. Negotiating Contract
- e. Point of commitment
- f. Construction
- g. Operations Initiation
- h. Management of Asset over time.

Baltin et al. (1999:30) proposed five essential phases to consider during the development of a hotel:

- a. Planning the development
- b. Gathering of the development team
- c. Analysing Feasibility
- d. Implementing the project
- e. Initializing operations and marketing.

There is no doubt that many views on and approaches to hotel development were debated in the past. The development of a hotel is not an inflexible process; on the contrary, it is a supple process with different impacts in different situations. Even though the development of any hotel has certain basic characteristics, there will always be differences from, as well as similarities to, other hotel developments.

5.3.2 Hotel development strategy and criteria

To provide sense and direction in the hotel development strategy, the vision and mission statement of the organisation should be properly articulated. The mission statement is a guide as it sets the objectives for the company to achieve. Venter and Cloete (2007:7) agree that to develop a hotel, a mission statement must be formulated to direct the development section and manage control processes, strategies and aims which can lead to the success of operations.

To formulate a development strategy is to consider different possible approaches to attaining the company's objectives. In fact, development strategy in the hotel sector often involves building new units, setting clear criteria for the construction of the hotel and facilities, as well as other aspects such as the location. Elements that require attention include the size of the site, the full cost of the development process, the charging price per room and other guiding principles that could speed up the accomplishment of new significant projects. As a final point, setting the criteria of location must be properly established to make sure that the construction of the hotel is done in a proper environment. This clearly proves that the development strategy of a hotel contributes to its positioning and the strengthening of its brand (Ransley & Ingram, 2000).

Venter and Cloete (2007:7) value the internal and external environment in the development strategies of a hotel. They highlight all the necessary elements to consider during the development process of a hotel as follows:

Internal:

- Knowing the business, stakeholders and shareholders' objectives.
- Knowing what product and service to supply and setting the brand.
- Being aware of the business's weaknesses and strengths.
- Being aware of the brand's threats and opportunities.
- Choosing the right price sensitivity in the market as well as the pricing policy.

External

- Being fully aware of the competition and their strategies.
- Knowing how to obtain a competitive advantage in the marketplace.
- Knowing your target market or customers very well, as well as their buying habits, characteristics and expectations.
- Being fully aware of external influences that might have an impact on the marketplace. Those influences can be economic, political, legislative or environmental.

Study of the environment can have a major positive effect in the development of an organisation. Gathering information about the environment from internal and external sources facilitates the decision-making processes of the company and should be able to provide an overall picture of the needs and wants of the guests or customers. Venter and Cloete (2007:7) agree that branding is a famous marketing communication method for hotel development that provides a comprehensive and reliable message to potential clients.

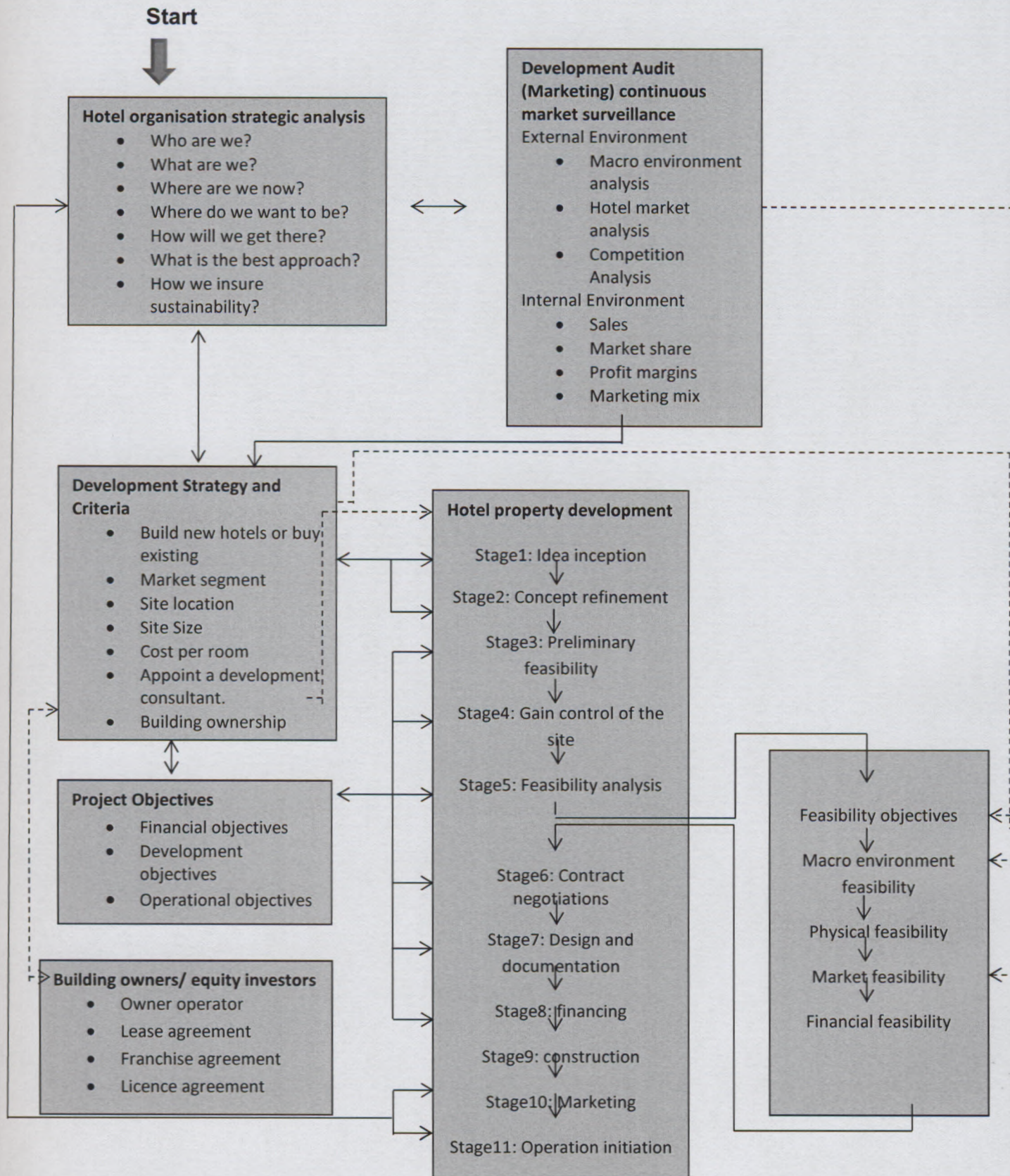
5.3.3 Success factors of hotel development

The importance of critical success factors in hotel development is undeniable. Every hotel developer should be able to recognize and incorporate all relevant critical success factors during the process.

Venter and Cloete (2007:10) identify the following critical success factors (CSF) to be incorporated in the development phase of a hotel:

- understanding the market and directing strategic operations
- using marketing and branding strategies
- managing operations and skilled employees, experience and training
- implementing and stability of principles, building standards.
- acknowledging government's local and national obligations, taxes, legislation, rules, structuring regulations and town planning.
- setting a locational site,
- ease of access for suppliers, employees and clients
- financial viability, feasibility of market, macro-environment, physical,
- designing an effectiveness meeting budget, client satisfaction and operational effectiveness,
- strategic development and aims of project,
- delegating consultants, group leader, counsellor, management executive, team for development and key staff operation,
- charging rate for contractor as well as resources, quality, time, experience, aptitude and behaviours.

The identification and combination of these CSF can establish a framework for a hotel development. As a result of that, hotel Venter and Cloete (2007:11) propose the following framework for hotel development (Figure 6.1, overleaf).

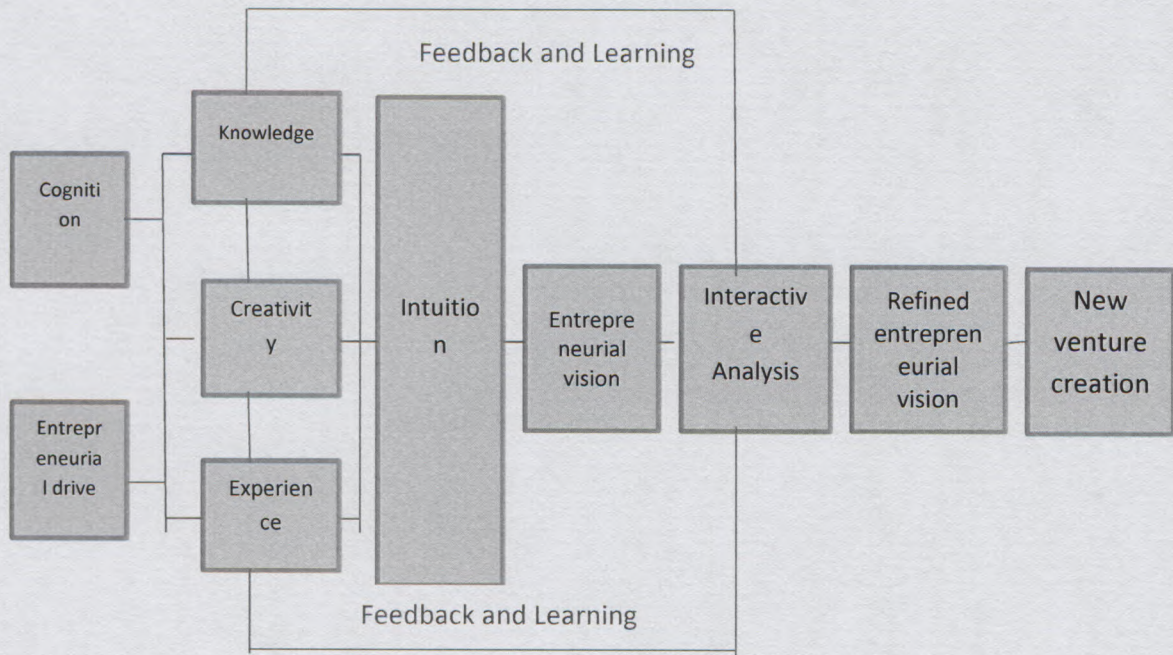


Source: Venter and Cloete (2007:11)

Figure 5.1: Hotel development framework for a hotel operator

5.4 Carland and Carland's model (2000)

Carland and Carland (2000:1) developed a model which starts with entrepreneurial drive and cognition, then combines these with experience, creativity and knowledge, and strains the result through intuition to finally produce the entrepreneurial vision. Interactive analysis effectuated during the process of refinement of vision finishes the process of new venture creation.



Source: Carland and Carland (2000:8)

Figure 5.2: The new venture creation model

Entrepreneurial drive coupled with cognition or appropriate knowledge is what an entrepreneur must have to proceed with the creation of a new venture. The process of new venture creation cannot be completed without an entrepreneurial vision, which is earned through creativity, knowledge, experience, and intuition. A successful entrepreneur comes with new and creative ideas that he or she concretizes in order to succeed. But that cannot happen in the absence of a proper entrepreneurial vision.

Carland and Carland (2000:7) argue that entrepreneurial vision is a key to the process of developing an opportunity that has not yet been realized. The idea of starting a venture comes from continuous thinking developed through the entrepreneurial drive into a vision. The cognitive process is active and continuing, as one idea builds on another and relationships and linkages are perceived, until the entrepreneur's vision is complete

Experience, the ability to be creative, and possessing the right knowledge are very important characteristics for entrepreneurs. There are certain skills that need to be developed over time in order for an individual to be successful in business. A person needs to have knowledge of the industry they are in or plan to go into, and then develop their managerial skills so as to run their business successfully. The cognitive process is ongoing and is what makes individuals grow as they learn from their life experiences. As an entrepreneur grows in knowledge and experience, he or she improves the overall value of the business idea or venture.

Interactive analysis plays a major part in the process of refining the vision that leads to new venture creation. Carland and Carland (2000:7) maintain that in interaction analysis, the following elements should be highlighted: teamwork, thorough assessments of resources, operational procedures, and final implementation. The learning process occurs through comparing concrete implementation and with the dream that preceded it. To get from the dream to implementation aspects of the business idea need to be researched, such as the human resources required, capital funds needed, and technology developments and requirements. With this kind of knowledge it should be possible to formulate a business plan that has a better chance of succeeding than failing.

5.5 A proposed business framework for venture creation and enterprise development in Libreville, Gabon

The framework assumes that business owners comprising Gabonese and foreign owners in Libreville contribute to the country's economic growth. These entrepreneurs are at the core of this study and are also, obviously, the most important element in the process of starting up a business within the proposed business framework.

The proposed framework is divided into two parts, A and B. Part A is the proposed model for venture creation in Libreville, Gabon, and part B is the development model for owners of hotels and restaurants in Libreville. Therefore, the combination of parts A and B will constitute the proposed framework for hotels and restaurants in Libreville.

The proposed venture creation model (part A) includes the following components: entrepreneurial vision, necessary resources for creating and developing a venture, relevant entrepreneurial characteristics, and venture creation.

a) Entrepreneurial vision

As noted above, Carland and Carland (2000:7) believe that vision is the key. An entrepreneurial vision will arise from indispensable entrepreneurial characteristics such as creativity, knowledge and experience. These are the qualities that can enable the creation of a successful venture.

b) Resources

To start up and develop a business in Libreville, relevant resources essential to the success of the business need to be identified by the entrepreneurs. These comprise:

- Financial resources
- Human resources
- Physical resources
- Information resources
- Marketing

Financial resources

Finance is a hugely significant resource in all the stages of a business life-cycle. There are two sources of finance that entrepreneurs generally use to start a business: their own capital as a primary source, and other people's money (which includes friends' and family's money, financial institutions, loan associations, etc.) as a secondary source of finance. In this study, the owners of hotels and restaurants mostly used their own money to start their business.

Human resources

Although the owner of a business may have all the relevant knowledge and skills required to start a business, at some stage during its growth cycle, he or she may require the skills of others. In the case of hotels and restaurants where the service offered is the most important factor, the owner will have to employ people to help provide that service.

Physical resources

The need for physical resources varies from business to business in the start-up and growth stages. In this study, most owners of hotels and restaurants used their personal savings to buy the physical resources they needed. Physical resources may be also obtained through a loan from the bank, help from friends and family, by having the resources donated, or by hiring them.

Information resources

Information resources are indispensable for the success of a business and its owner. The use of effective information resources can facilitate the evaluation of the current performance of a business and help the entrepreneur to put in place the operational strategies that are required. A variety of information resources helps the entrepreneur to make decisions on how, what, and where to apply operational strategies to attain the business's objectives.

Marketing

Marketing is no less significant than other resources due to its undeniable influence on the business and its customers. Marketing can help the business evaluate customer demands and meet customer expectations, attracting loyal clients. In this study, the owners of hotels and restaurants valued marketing and made use of it as often as possible.

c) Characteristics

The resources listed above will not be relevant to an effective start up without entrepreneurs to make use of them. And entrepreneurs should possess the following characteristics, listed in no specific order:

- Perseverance
- Skills
- Motivation
- Family and friends' support
- Education
- Ability to raise finance
- Creativity
- Commitment
- Discipline
- Previous experience.

To start an effective business in Libreville, entrepreneurs should identify and take into consideration the resources listed above. Several studies claim that prior experience is possibly most important of all: entrepreneurs with previous experience tend to have a better understanding of the market place and make decisions based on realistic appraisal of their business and its place in the market. Essentially, the entrepreneur must be motivated to create an internal knowledge base and develop linked attitudes and behaviours in order to capitalise on their future creativity (Lee-Ross & Lashley, 2009:78).

Figure 6.3 presents the venture creation model.

A)

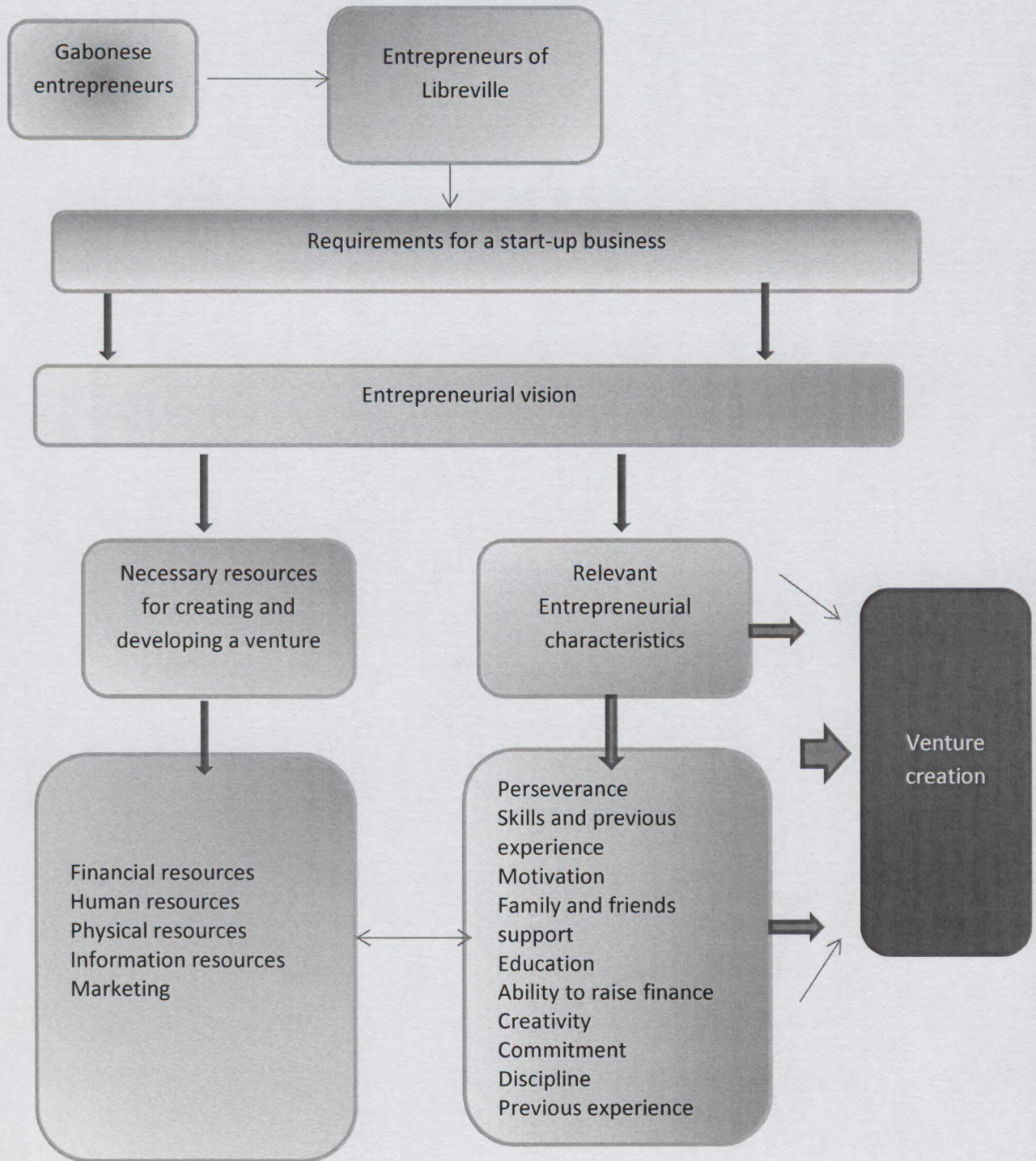


Figure 5.3: Venture Creation Model proposed by Elsa-Olivia Moussavou

5.6 Model for the effective development of hotels and restaurants in Libreville, Gabon

The elements that contribute to a model for the effective development of restaurants and hotels in Libreville are the following: owners of hotels and restaurants, the development process, project objectives, resources, marketing audit (internal and external environment), feasibility analysis, development strategies and criteria, strategy for performance and growth, and operation initiation.

The most important aspect in the effective development of a venture is to properly apply the elements mentioned above, to attain financial objectives and achieve positive growth. The achievement of growth is a result of the decision-making processes that go on within the venture (Wickham, 2004:540). These processes are best served by consistent and sustained attention to all the elements mentioned above.

Figure 6.6 on the next page is the proposed model for the effective development of hotels and restaurants (part B).

B)

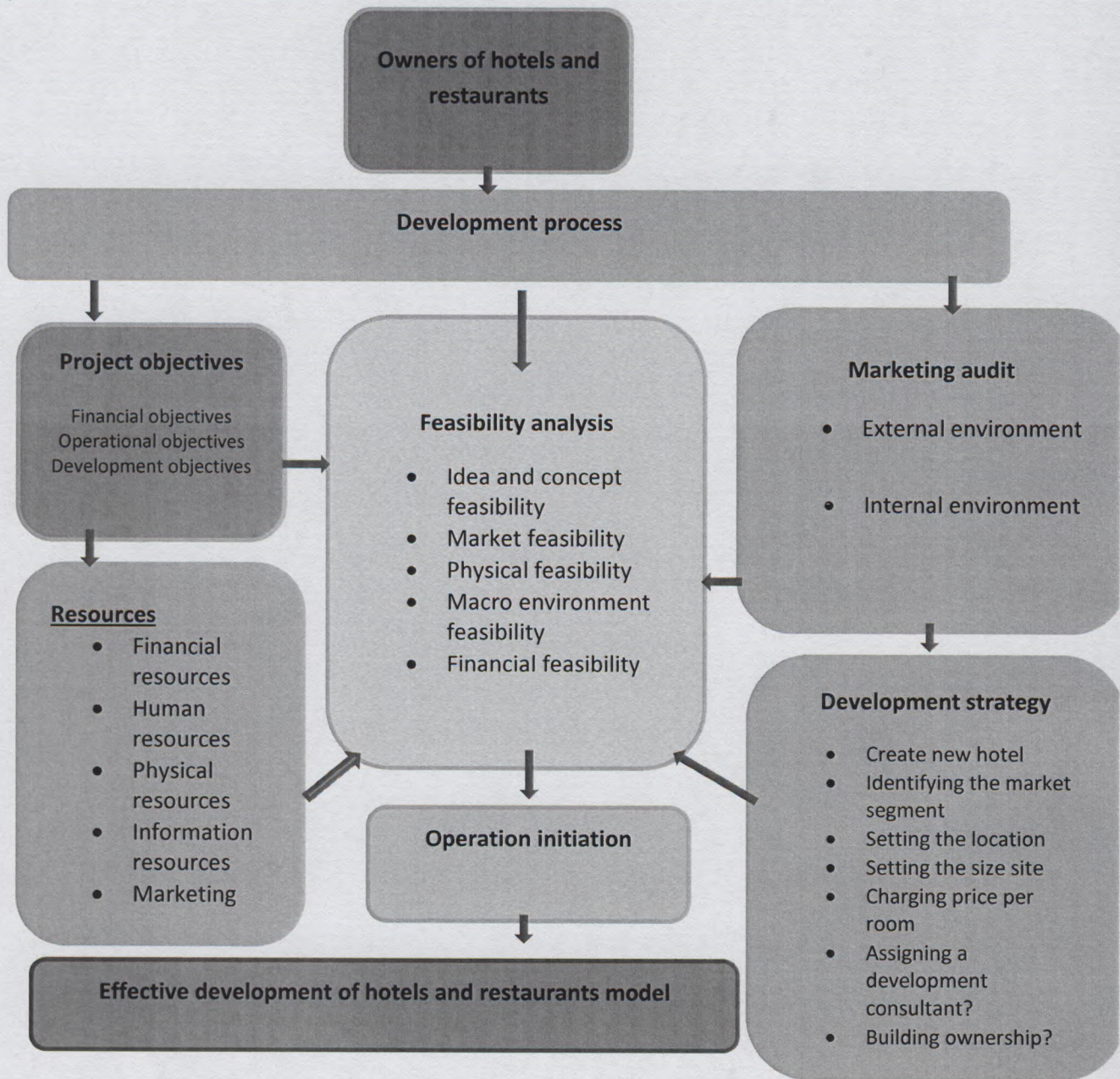


Figure 5.4: A model for the effective development of hotels and restaurants

Proposed by Elsa-Olivia Moussavou

5.6.1 Development process

According to Ransley and Ingram (2004:xxi), hotel development entails a lengthy process of conceptualisation, planning and construction before it becomes operational and starts to generate income. Chon and Maier (2010:144) describe a five-step process including conceptualisation, feasibility analysis, commitment, design and construction, and management. My model envisages a six-step process, involving the identification of project objective(s), feasibility, resources, marketing audit, development strategies and operation initiation.

5.6.2 Project objectives

In order to effectively develop a hotel, restaurant or any other business, project objectives must be clearly stated to indicate what goals must be achieved. The project objective of a company must be realistic, measurable and achievable. Many researchers have identified three different kinds of project objective:

- Financial objective
- Operational objective
- Development objective

The financial objective must determine the amount of money needed for the project. It must be analysed as feasible in order to be able to provide the planned return on investment.

The operational objective requires planning, organising, leading and controlling operations.

The development objective must provide for all the strategies significant in the development of the business, considering both internal and external factors.

5.6.3 Resources

As mentioned above, the resources comprise:

- Financial resources
- Human resources
- Physical resources
- Information resources
- Marketing

These resources were discussed in the sections on the part A of the construction of the framework.

5.6.4 Marketing audit (internal and external environment)

Internal environment

According to Xu (2005:23), the internal environment is the area within a business which has an impact on planning strategies in the marketing division. The main focus of every division is on creating greater customer contentment and value. Lamb et al. (2008:37) support this view and add that management in the marketing department has the power to control and make decisions connected to the function of marketing. This includes department objectives, preparing and implementing the marketing procedure, as well as handling the marketing mix. However, the internal environment has no control over the company's mission, goal or other business functions.

External environment

Lamb et al. (2008:38) argue that without a good understanding of the external environment on the part of marketers, it can be difficult for the company to detect opportunities and plan successfully. Numerous firms therefore gather a professional team of experts to assemble and evaluate relevant facts. This process is known as environmental scanning. The objective in collecting this environmental data is to detect and assess trends that could influence the firm or its target market as early as possible, and to identify future market opportunities (mostly unmet market needs) and potential threats.

Economic aspects such as competition, social factors, demographic factors, legal factors, political factors and technological factors are the variables that are uncontrollable in marketing (Lamb et al., 2008:38).

5.6.5 Feasibility analysis

Feasibility analysis is the process of determining if a business idea is viable. As a preliminary evaluation of a business idea, feasibility analysis is completed to determine if an idea is worth pursuing and to screen ideas before spending resources on them. It follows the opportunity recognition stage but comes before the development of a business plan. (Barringer & Ireland, 2008:71)

Before spending time and resources, the feasibility of the project within specific areas (organizational, financial, service, product, market and industry) should be fully explored in order to be able to give a green light to the entrepreneur to proceed with the business plan. If these areas are not feasible the entrepreneur should drop or rethink the business idea. Chon and Maier (2010:117) argue that the feasibility analysis answers the question: "Will the proposed hotel generate enough profit to meet the expectations of its investors?" If all

projections (which usually include an estimation of operating expenses, the hotel rate and occupancy level, construction, necessary capital investment needed for acquisition and ongoing operation) predict a satisfactory return, preliminary design and development schedules are generated and the project can progress to the next level. Financial feasibility is as important as macro environment feasibility, physical feasibility, concept feasibility and market feasibility. In fact all are complementary. For instance, market feasibility helps to determine the demographic that the new facility will attempt to reach, and whether the surrounding area can support the new facility (Chon & Maier, 2010:125).

5.6.6 Development strategies

In order to ensure the growth and profitability of a new company, owners of hotels and restaurants should employ a strategy that includes evaluation of the competition, setting the site, and the choice of the right location. Chon and Maier (2010:118,126-127) discuss these strategies as follows:

The choice of the right location

In the hotel concept, there are many factors that contribute to the success of a hotel, and these factors include: star rating, décor and theme, service provided and location. Among these, location is the most influential factor. Location factors include parking availability, visibility from the street, egress and ingress, proximity to major attractions or tourist destinations, and proximity to major traffic routes. An otherwise excellent concept will not survive in the wrong location.

Competition

The evaluation of the competition plays a major role in the position of the hotel in the market. To determine this position, the developers must know and understand each competitor's brand, loyalty, strengths and weaknesses, current market share, customer base, occupancy rates, average room rates, as well as its services, amenities and whether or not it is a franchise or management affiliate.

Setting site

Once the market has been identified by the developers and they are satisfied that there is an open niche among their competitors, they must make sure that the chosen site is suitable for building a lodging facility. Certain elements such as the geographic characteristics of the site, the evaluation of the distance to the proposed site from major attractions, the capacity for future expansion, legal or regulatory issues, etc. have to be taken into consideration.

Market research

According to Lee-Ross and Lashley (2009:196), many branded hospitality and tourism operators commission research on the brand, competitors and market on both national and international levels. The owner therefore needs to think about the core customer needs the hotel is servicing, the type of customers who are attracted to the business, the activity of the competitors and the general conduct of the market in business.

Pricing per room

Pricing is generally found in the marketing mix. Bowie and Buttle (2004:152) argue that pricing decisions are influenced by both the external environment and the internal environment. In the internal environment, elements such as pricing objectives, company resources etc., and in the external environment, factors such as inflation, competition, demand etc., all have to be wisely and accurately analysed. The price per room should only be set after considering these influential factors. To support this view, Bowie and Buttle (2004: 27) outline the key elements that should drive the pricing decision in a hospitality organisation:

- Setting the tariff, or rack rates
- Agreeing on the level of discounts for key accounts
- Pricing all-inclusive packages (conferences, functions and leisure breaks)
- Developing special-priced promotions to increase sales during low-season periods.

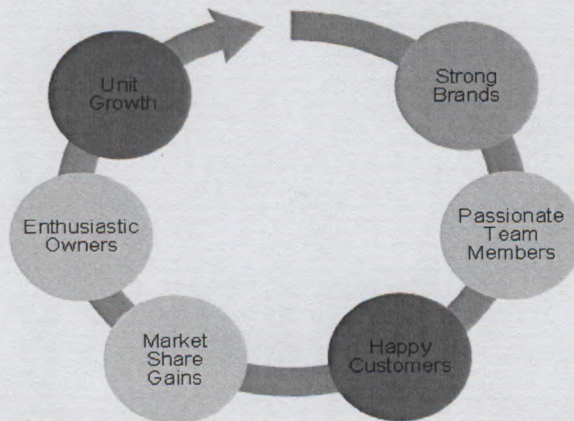
Pricing decisions influence demand, are crucial in driving profitability, and play an important role in presenting the 'image' that firms want the hotel or organisation to project to customers and stakeholders.

Hilton Hotels European Development Strategy Briefing (2007:28) highlights some less tangible elements deemed necessary for the growth and performance of hotels and restaurants:

- Strong brand
- Passionate team members
- Happy customers
- Market share gains
- Enthusiastic owners
- Unit growth

Other elements such as product and service, promotion, place and price are also crucial for the growth of a business. In Figure 6.5, Hilton Hotels European Development Strategy Briefing (2007:28) presents its strategy for performance and growth.

Strategy for performance and growth



Source: Hilton Hotels European Development Strategy Briefing, (2007:28)

Figure 5.5: Strategy for performance and growth

Owners of hotels and restaurants are obliged to consider the 4 Ps:

- Price: When opening the business, prices must be high to cover all expenses during the start-up process, and then should decrease depending on the competition.
- Place or location: identify the potential target market (customers/clients) and locate the hotel/restaurant close to the target market.
- Promotion: To build awareness, heavy advertising and public relations are required as well as personal selling.
- Product and service: the choice of the quality food must be considered according to customers' demands. The service must be very good and fast, treating customers with respect and professionalism.

5.6.7 Operation initiation

In operation initiation, all the strategies planned for the development process are confirmed as feasible and then applied, in keeping with the objectives of the company. The business plan should be able to show in detail how products and services will be delivered to customers (Bowie & Buttle, 2009:204).

5.7 Conclusion

In this chapter, a business framework for enterprise development and venture creation in Libreville, Gabon was developed and presented. The researcher made use of Carland and Carland's model (2000) and Venter and Cloete's model (2007), and the proposed framework was broken down into A and B sections for conceptual clarity. The next chapter will summarise all the chapters and conclude the study.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The previous chapter proposed a business framework for enterprise and venture creation for hotels and restaurants in Libreville. This chapter summarises the research study by giving an overview of all the chapters, and revisiting the findings in the light of the objectives. In addition, directions for further research are proposed.

6.2 Overview of chapters

Chapter one

Chapter One outlined the study and laid the groundwork by formulating the questions and objectives of the research. The methodology used was briefly described.

Chapter two

This chapter introduced general information on venture creation and the development of hotels and restaurants in Libreville, Gabon. The chapter provided various definitions of venture creation and enterprise development and identified their challenges.

The research topic was subjected to a literature review. The literature indicates that SMMEs face a wide range of challenges, not limited to finance alone (although the findings show that the main obstacle for entrepreneurs in Libreville is the lack of access to finance or capital). There is substantial coverage of venture creation and enterprise development the literature, although it refers more to developed countries than developing countries.

Chapter three

Chapter Three discussed the methodology used in this study. The quantitative approach was described and discussed. Key elements dealt with here include: the objectives of the study, research design, descriptive research, description of the research population, quantitative research methods, sampling design, snowballing sampling technique, sample size, pilot study, questionnaire structure and design, data collection, reliability and validity, research ethics, data analysis. The use of a questionnaire as a data collection instrument was extensively discussed.

Chapter four

This chapter presents and analyses the results obtained from the data collection instrument (the questionnaires completed by owners of hotels and restaurants in Libreville). The findings are compared to the findings of other researchers.

Chapter five

In this chapter, the primary objective of this study was achieved. A business framework for enterprise development and venture creation in Libreville, Gabon, was fully developed and presented.

Chapter six

This provides an overview of and draws conclusions from the preceding chapters of the study. Some recommendations are made and possibilities for further research are suggested.

6.3 Findings per Objective

The aim of this section is to give an overview of the research findings in revisiting the research objectives of the study.

Main Objective

To propose a business framework for venture creation in Libreville, Gabon

A business framework for venture creation and enterprise development was proposed and discussed in Chapter Five. Relevant information from every chapter contributed to the construction of the model.

Sub-objective one

To identify and analyse the main challenges of entrepreneurs in enterprise development and venture creation

The study reveals that an overwhelming majority of entrepreneurs in Libreville follow all the right procedures to ensure the success of their ventures. Most entrepreneurs have got relevant educational qualifications, have received proper managerial training, have done business plans, registered their business legally, and do accurate entrepreneurial branding for their ventures. However, according to CDE of Libreville, many companies fail and close down only a few years after their registration, which means that the level of failure of companies remains high. The research shows that the main challenges are lack of financial exposure, poor financial management, difficulties in hiring the right and skilled team, poor

leadership, or difficulties with keeping the business running according to the rules of City Hall and the Public Hygiene Ministry.

Sub-objective two

To analyse the various financial issues that entrepreneurs encounter in their business

Financing businesses for entrepreneurs have never been an easy task. Most entrepreneurs in Libreville make use of their personal funds as start-up capital, or loans from family and friends, as they find it difficult to acquire funding from relevant financial institutions or banks. In fact, an overwhelming majority of hotel and restaurant owners do not even consider seeking help from the government as they are convinced they will not be able to get any financial support from there. Unfortunately, poor management and control of finances are still major issues that help to explain the large number of business failures every year.

Sub-objective three

To determine the socio-economic benefits that enterprise development and venture creation bring to the population.

This sub objective was discussed in the form of literature review in the chapter two. Venture creation and enterprise development are known to decrease unemployment and reduce poverty for over six people for each individual they hire. They therefore have a huge, positive impact in the reduction of unemployment and poverty. Hotels and restaurants fall into the hospitality and tourism industry, and tourism is well known to contribute to the global economy. In effect, tourism is an economic benefit in itself as it creates jobs in the community, including hotel housekeeping and tour guides. Tourism and hospitality help the hotel sector to boost visitors' spending, which increases the income of a local community and leads to a reduction in poverty and unemployment.

Other Findings

- Some owners do not have bank accounts, which leads to poor financial management.
- Most foreign entrepreneurs are very successful.

6.4 Recommendations

- McEwen (2008) has established a connection between organizational education, environmental scanning and entrepreneurial achievement. Various entrepreneurs are experiencing a capability gap despite the understanding they have of their new company's potential for success. It is perhaps due to the discrepancy between important information on the current business environment and their actual knowledge. To address this discrepancy, an environmental study is essential. While it is true that the internal environment (such as the policies, business culture or the way employees should behave) can have a positive or negative impact on the financial results, the most challenging factor is the external environment as entrepreneurs have little or no control over it. Therefore it is imperative that entrepreneurs address the various external challenges and adapt their business's operations to the environment to assure the company's success.
- In the hospitality industry, friendly and quality service plays an important role. Good service makes for happy customers; it will induce them to come back again, thus establishing customer loyalty. Differentiation is an essential strategy: a convenient location, for instance, or a lively upbeat environment. In addition to that, branding is important to a company; an effective brand gives a competitive advantage. The brand is the company's image and reputation as it tells the customers what they can expect from the service and products that are offered, and how they are differentiated from the competition.
- Every company, whether small, medium or large, needs to have an effective management team performing their functions efficiently. It is essential to have some management training to improve the skills of the existing manager and to help groom employees to themselves become decent managers. Having training might incur a certain cost for the business, but the outcome will definitely be a great investment with huge returns in long run. Management training will result in improvement in communication skills, administrative skills, leadership qualities and personality traits. Training and education are becoming a top priority in Gabon, as people compete for top positions in the business world.
- In the mind-set of entrepreneurs, it is almost impossible to obtain financial assistance from the government; therefore they feel there is no point in asking. Entrepreneurship is the key way to boost a country's economy, so it is really essential that the

government finds a way to encourage entrepreneurs in their activities by offering financial support, in the form of capital to finance the establishment and development of new business ventures. Financial institutions might consider offering a financial reward once per year to the business with the best potential to grow big in the future.

6.5 Suggestion for further research

This research was limited geographically to Libreville, the capital of Gabon. A study on hotels and restaurants in the rest of the provinces of Gabon would help to provide a comprehensive picture of the entire hospitality trade sector in the country. Comparative, cross-national studies might also be attempted.

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APPENDIX A: CONSENT LETTER (FRENCH)

MINISTÈRE DES PETITES ET MOYENNES
ENTREPRISES DE L'ARTISANAT
ET DU COMMERCE

CABINET DU MINISTRE

SECRETARIAT GÉNÉRAL

DIRECTION GÉNÉRALE DE PROMOGABON

B.P. 2111 Libreville GABON
Tél. (241) 74 89 57/58 / Fax. 74 89 59



N° 01439 /MPME-A-C/ CAB/ SG/DGPG

Libreville, le 13 NOV. 2012

A Madame Elsa Olivia MOUSSAVOU
G36 Wilger Park, Oak Glen
Belville, Cape Town, 7530
Afrique du Sud

Objet : Votre demande d'autorisation de recherche

Madame,

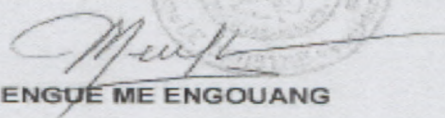
J'ai l'honneur d'accuser réception de votre note citée en objet.

En réponse, je donne mon accord à votre demande et vous prie de prendre contact avec Madame le Directeur Général de PROMOGABON, dont les coordonnées sont indiquées ci-après, en lui précisant la date à partir de laquelle vous souhaitez entreprendre vos recherches.

E-mail : ongaomo@yahoo.fr
BP : 2111 PROMOGABON-LIBREVILLE
Tel : 00241.74.89.56

Veuillez agréer, Madame, l'expression de ma parfaite considération.

Le Ministre



Fidèle MENGUE ME ENGOUANG

APPENDIX B: CONSENT LETTER (ENGLISH)

Libreville, 13th November 2012

MINISTRY OF SMALL AND MEDIUM ENTERPRISES,
CRAFT AND COMMERCE
OFFICE OF THE MINISTER
GENERAL SECRETARIAT
GENERAL DIRECTORATE OF PROMOGABON
BP: 2111 Libreville, GABON
Tel: (241) 74 89 57/ 58 / Fax. 74 89 59
No 01439/ MPME-A-C/ CAB/ SG/DGPG

To Miss Elsa-Olivia MOUSSAVOU
G36 Wilger Park, Oak Glen,
Bellville, Cape Town, 7530
South Africa

Object: Your request for research authorization.

Madam,

I have the honour to acknowledge receipt of your note cited in object.

In response, I give my approval for your request and ask you to be in contact with Madam the General Director of PROMOGABON, whose contact details are shown below, by indicating the date from which you want to start your research.

E-mail : ongaomo@yahoo.fr
BP : 2111 PROMOGABON-LIBREVILLE
Tel: 00241.74.89.56

Please accept, **Madam**, the expression of my perfect consideration.

The Minister
Fidèle MENGUE ME ENGOUANG

APPENDIX C: RESEARCH QUESTIONNAIRE (ENGLISH)

QUESTIONNAIRE FOR FOREIGN PUBLICS

SECTION A: DEMOGRAPHIC PROFILE/GENERAL INFORMATION

1. Please indicate your residence status <i>(write down your answer in the space provided below)</i>		
Nationality		1
Country of current residence		2

2. What is your gender? (Please place an X in the appropriate box, only one answer is possible.)		
Male		1
Female		2

3. What is your marital status? (Please place an X in the appropriate box, only one answer is possible.)		
Single		1
Married		2
Widowed		3
Other: <i>(please specify)</i>		

4. In which age category do you belong? (Please place an X in the appropriate box, only one answer is possible.)		
18 – 25		1
26 – 30		2
31 – 35		3
36 – 40		4
41 – 45		5
46 – 50		6
51 – 55		7
56 – 60		8
61 and above		9

5. What is your highest educational qualification? (Please place an X in the appropriate box, only one answer is possible.)		
No formal education		1
Primary education		2
Secondary education		3
Certificate		4
Diploma		5
Bachelor's degree		6
Master's degree		7
PhD		8
Post PhD		9

SECTION B: VENTURE CREATION AND ENTERPRISE DEVELOPMENT QUESTIONS

Management related questions

6. When did you create your venture? (Please specify the year)	
	1

7. Is your business registered? (Please place an X in the appropriate box, only one answer is possible.)	
Yes	1
No	2

8. Are you using any marketing strategies? (Please place an X in the appropriate box, only one answer is possible.)	
Yes	1
No (if you select this option, please go to question 10)	2

9. If yes to question 8, which one of these strategies are you using? <i>(Please place an X in the appropriate box; more than one answer is possible.)</i>		
TV		1
Radio		2
flyers		3
Newspapers		4
Billboards		5
Magazines		6
Word of mouth		7
Web		8
Email		9
Social media: eg: Twitter, Facebook...)		10
Others: (please specify)		

10. Have you ever done any marketing research? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>		
Yes		1
No (if you select this option, please go to question 12)		2

11. If yes to question 11, how often? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>		
Three times a year		1
Twice a year		2
Once a year		3
Once every two years		4
Other please specify:		

12. Have you made a full study of the environment before opening your business in the area? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>		
Yes		1
No (if you select this option, please go to question 14)		2

13. If yes to question 12, how did you analyse the environment?

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14. Have you analysed your consumer behaviour toward your product or service before and after opening your business? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>		
Yes		1
No <i>(if you select this option, please go to question16)</i>		2

15. If yes to question 14, what strategy did you use?

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16. Why will people buy your product or go for your service? (But not from your competition)

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17. How frequently are you advertising your business? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>		
Very often		1
Often		2
Seldom		3
Very seldom		4
Never		5

18. Have you had any experience and management training to assist you with your becoming an entrepreneur? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>		
Yes		1
No		2

19. Have you had experience working in this type of business? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>		
Yes		1
No		2

20. Did you prepare a business plan when starting up? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>		
Yes		1
No		2

21. How many people do you employ? <i>(Please write down the answer, only one answer is possible.)</i>		
		1

22. What is your competitive advantage? And why can't it be copied?

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23. What were the challenges you faced while starting your business?

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24. What were the reasons for making changes in your business?

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25. How do you intend to improve your business?

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26. What were the challenges you faced while improving your business?

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27. In which field will you plan to make some changes? (Please place an X in the appropriate box; more than one answer is possible.)		
Administration		1
Marketing		2
Finance		3
Management		4
The whole venture		5
None of the above		6
Other: (please specify)		

Financially and government related questions

28. How did you obtain the fund to start your business? (Please place an X in the appropriate box; more than one answer is possible.)		
Own capital		1
Finance from the government		2
Finance from the bank		3
Loan associations (tontines)		4
Mix Finance: 50% capita l- 50% government		5
Other: (please specify)		

29. Did you ever get any financing help from the government? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>		
Yes(<i>if you select this option, please go to question 31</i>)		1
No		2

30. If no to question 29, can you please specify the reasons <i>(Please place an X in the appropriate box; more than one answer is possible.)</i>		
Your business is not legally recognised		1
Never asked for financial help		2
Rejection to finance		3
Long process to get finance		4
Other: (please specify)		

31. Rate the service of the government department on a scale of 1-5 (1 being very poor and 5 excellent)

1 2 3 4 5

32. What is the profit you expect to get monthly? <i>(Please write down the answer)</i>	
	1

33. What is the profit you expect to get annually? <i>(Please write down the answer)</i>	
	1

34. Are the company expenses higher than the expected sales? <i>(Please place an X in the appropriate box, only one answer is possible.)</i>
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Yes		1
No		2

Concluding related questions

35. According to your personal experience, what is/are the reason(s) for venture creation and enterprise development for not overcoming difficulties?

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36. What advice would you give to entrepreneurs starting out?

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37. What advice would you give to entrepreneurs improving their companies?

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38. Where do you see your business in the next five years?

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APPENDIX D: RESEARCH QUESTIONNAIRE (FRENCH)

QUESTIONNAIRE POUR LE PUBLIC ETRANGER

SECTION A: PROFILE DEMOGRAPHIQUE / INFORMATION GENERALE

1. S'il vous plaît indiquer votre statut de résidence <i>(Ecrivez votre réponse dans l'espace prévu ci-dessous)</i>		
Nationalité		1
Pays de résidence actuel		2

2. Quel est votre sexe? (Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)		
Homme		1
Femme		2

3. Quel est votre état civil? (Veuillez mettre une X dans la case appropriée, une seule réponse est possible.)		
Célibataire		1
Marié		2
Veuf		3
Autres: (s'il vous plaît préciser)		
4. Dans quelle catégorie d'âge appartenez-vous? (Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)		
18 – 25		1
26 – 30		2
31 – 35		3
36 – 40		4
41 – 45		5
46 – 50		6
51 – 55		7
56 – 60		8

61 et plus		9
5. Quel est votre plus haut diplôme d'enseignement? (Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)		
Non scolarisé		1
L'enseignement primaire		2
L'enseignement secondaire		3
Baccalauréat		4
License		5
Maitrise		6
Master		7
Doctorat		8
Professorat		9
Sans diplôme		10

SECTION B: CREATION ET DEVELOPEMENT D'ENTREPRISES

Questions liées à la gestion

6. Quand avez-vous créé votre entreprise? <i>(S'il vous plaît préciser l'année)</i>		
		1

7. Votre entreprise est-elle enregistrée? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
Oui		1
Non		2

8. Utilisez-vous des stratégies de marketing? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
Oui		1
Non (si vous sélectionnez cette option, s'il vous plaît allez directement à la question 10)		2

9. Si oui à la question 8, lequel ou lesquelles de ces stratégies utilisez-vous? <i>(Veuillez mettre un X dans la case appropriée; plus d'une réponse est possible.)</i>		
TV		1
Radio		2
flyers		3
Journaux		4
Panneaux d'affichage		5
Magazines		6
Bouche à oreille		7
Web		8
Email		9
Media Sociaux: ex: Twitter, Facebook)		10
Autres: (s'il vous plaît préciser)		

10. Avez-vous déjà fait une étude de marché? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
Oui		1
Non (si vous sélectionnez cette option, s'il vous plaît allez directement à la question 12)		2

11. Si oui à la question 10, combien de fois? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
Trois fois par an		1
Deux fois par année		2
Une fois par an		3
Une fois tous les deux ans		4
Autres: (s'il vous plaît préciser)		

12. Avez-vous fait une étude complète de l'environnement avant d'ouvrir votre entreprise dans la région? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
Oui		1
Non (si vous sélectionnez cette option, s'il vous plaît allez directement à la question 14)		2

13. Si oui à la question 12, comment avez-vous analysé l'environnement?

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14. Avez-vous analysé le comportement des consommateurs envers votre produit ou service avant et après l'ouverture de votre entreprise?

(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)

Oui		1
Non (si vous sélectionnez cette option, s'il vous plaît allez à la question 16)		2

15. Si oui à la question 14, quelle stratégie avez-vous utilisé?

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**16. Pourquoi les gens achèteront-ils votre produit ou aller pour votre service?
(Mais pas ceux de vos concurrents)**

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17. À quelle fréquence faites-vous la publicité de votre entreprise? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
Très souvent		1
Souvent		2
Rarement		3
Très rarement		4
Jamais		5

18. Avez-vous eu une expérience et une formation en gestion pour pouvoir travailler comme entrepreneur? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
Oui		1
Non		2

19. Avez-vous eu une expérience de travail dans ce type d'entreprise? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
Oui		1
Non		2

20. Avez-vous préparé un plan d'affaires lors du démarrage? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
Oui		1
Non		2

21. Combien de personnes employez-vous? <i>(Veuillez mettre un X dans la case appropriée, une seule réponse est possible.)</i>		
		1

22. Quel est votre avantage concurrentiel? Et pourquoi ne peut-il être copié?

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23. Quelles difficultés avez-vous rencontrées lors du démarrage de votre entreprise?

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24. Quelles sont les raisons des changements dans votre entreprise?

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25. Comment comptez-vous améliorer votre entreprise?

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26. Quelles difficultés avez-vous rencontrées en améliorant votre entreprise?

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27. Dans quel domaine avez-vous l'intention de faire quelques changements?

(Veuillez mettre un X dans la case appropriée; plus d'une réponse est possible.)

Administration		1
Commercialisation(marketing)		2
Finance		3
Gestion		4
Toute la société		5
Aucune de ces réponses		6
Autres: (s'il vous plaît préciser)		

Questions liées aux finances et gouvernement

28. Comment financez-vous ou avez-vous financé votre entreprise à sa création?

(Veuillez mettre un X dans la case appropriée; plus d'une réponse est possible.)

Propre capital		1
Financement du gouvernement		2
Financement de la banque		3
Associations de prêts (tontines)		4
Mélange de Finance: 50% capital- 50% gouvernement		5
Autres: (s'il vous plaît préciser)		

29. Avez-vous déjà reçu une aide financière du gouvernement? (<i>Veillez mettre un X dans la case appropriée, une seule réponse est possible.</i>)		
Oui (<i>si vous sélectionnez cette option, veuillez passer directement à la question 31</i>)		1
Non		2

30. Si non à la réponse à la question 29, pouvez-vous s'il vous plaît préciser les raisons (<i>Veillez mettre un X dans la case appropriée; plus d'une réponse est possible.</i>)		
Votre entreprise n'est pas légalement reconnue		1
N'avoir jamais demandé de l'aide financière		2
Rejet de finance		3
Long processus pour obtenir un financement		4
Autres: (<i>s'il vous plaît préciser</i>)		

31. Noter le service du département du gouvernement sur une échelle de 1-5 (1 étant très pauvre et 5 excellent)

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

32. Quel est le bénéfice mensuel que vous attendez obtenir? (<i>S'il vous plaît écrivez la réponse</i>)	
	1

33. Quel est le bénéfice que vous attendez obtenir par année? (<i>S'il vous plaît écrivez la réponse</i>)	
	1

34. Les dépenses de l'entreprise sont-elles plus élevées que les prévisions de ventes? (<i>Veillez mettre un X dans la case appropriée, une seule réponse est possible.</i>)		
Oui		1
Non		2

Questions finales

35. Selon votre expérience personnelle, quelle est la raison ou quelles sont les raisons pour laquelle/lesquelles la création et le développement de l'entreprise ne parviennent pas à surmonter les difficultés ?

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36. Quel(s) conseil(s) donneriez-vous aux entrepreneurs qui débutent?

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37. Quel(s) conseil(s) donneriez-vous aux entrepreneurs pour améliorer leurs entreprises?

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38. Comment voyez-vous votre entreprise dans les cinq prochaines années?

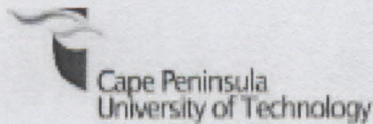
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APPENDIX E: ETHICS CLEARANCE CERTIFICAT



P.O. Box 1906 • Bellville 7535 South Africa • Tel: +27 21 4603239 • Email: zouityf@cput.ac.za
Symphony Road Bellville 7535

Office of the Chairperson Research Ethics Committee	Faculty: BUSINESS
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At a meeting of the Research Ethics Committee on 13 June 2014, Ethics Approval was granted to MOUSSAVOU, Elsa-Olivia (208187847) for research activities

Related to the MTech/DTech: MTech: BUSINESS ADMINISTRATION

(ENTREPRENEURSHIP) at the Cape Peninsula University of Technology

Title of dissertation/thesis:	A Business framework for Enterprise Development and venture creation in Libreville, Gabon Supervisor: Mr C Cupido & Dr R Tengeh
-------------------------------	--

Comments:

Decision: **APPROVED**

Signed: Chairperson: Research Ethics Committee	13 June 2014
	Date

Signed: Chairperson: Faculty Research Committee	Date

Clearance Certificate No | 2014FBREC189