A STRATEGIC ENTREPRENEURIAL MODEL TO DEVELOP FEMALES FOR TOURISM RELATED BUSINESSES

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A STRATEGIC ENTREPRENEURIAL MODEL TO DEVELOP FEMALES FOR TOURISM RELATED BUSINESSES

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DECLARATION

In accordance with Rule G 4.6.3, I hereby declare that the above-mentioned treatise is my own work and that it has not previously been submitted for assessment to another University or for any qualification.

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This treatise explored entrepreneurship and the tourism industry so as to develop a strategic entrepreneurial model to enable female entrepreneurs to operate sustainable bed and breakfast businesses.

Entrepreneurship plays a significant role in allowing ordinary citizens to participate in the economy. It offers opportunities, creates new jobs and as a result eradicates poverty. It has further emerged to have a positive impact on society through allowing women to participate in the mainstream of entrepreneurship.

Entrepreneurship has been a leader in offering women the economic expression to start and own their own businesses. However, there are still barriers facing prospective women entrepreneurs. These barriers significantly contribute to the issue of sustainability of the new business entities in industries such as the tourism industry.

The emergence of women entrepreneurs in the tourism industry has triggered great interest, which is accompanied by critical examination of factors hindering business sustainability. There are clear indications that women entrepreneurs are struggling to develop and sustain businesses such as B&Bs in the tourism industry. The latter surfaced through the analysis of the literature and the empirical study which was conducted as a single unit case study on the Lalalah bed and breakfast.

Through the literature review and the case study a strategic entrepreneurial model aimed at enabling women entrepreneurs to operate sustainable bed and breakfast businesses was developed.
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CHAPTER 1

PROBLEM STATEMENT AND OUTLINE OF THE STUDY

1.1 INTRODUCTION

Since the inception of the new dispensation, entrepreneurship has been identified as one of the key enablers of economic participation. For this reason the government has established strategic institutions and mandated them to promote entrepreneurship in the country with the aim of increasing economic participation and entrepreneurial activities.

One of the key and the fastest growing industries that have been identified as needing attention with regards to increasing participation of the women entrepreneurs is the tourism industry. There is now a noticeable growth of women entrepreneurs in this industry. They are found running bed and breakfasts (B&Bs) and conducting tours in urban areas as well as townships and rural areas. This is further evident if one looks at the value chain in the tourism sector. However, women entrepreneurs that are found in this sector are facing specific challenges that hinder their progress towards achieving sustainable businesses, especially those running or intending to run B&B businesses. Some of these challenges are sector related and some are just inherent to pursuing an entrepreneurial journey.

The participation of women in the mainstream of entrepreneurship presents unique challenges as well. Women were never allowed to participate fully in the entrepreneurial activities. The latter still contributes to the challenges faced by women in their journey towards developing and operating sustainable businesses irrespective of the industry in which they operate in.

Based on the above discussion, the main problem statement of this study is:
To develop a strategic entrepreneurial model to enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry

1.2 SUB-PROBLEMS

In line with the main problem statement the following sub-problems were developed:

i. What does the literature research process reveal about entrepreneurial process models and entrepreneurship in general?

ii. Can the existing female owned B&B business be evaluated against entrepreneurial process model?

iii. What are the characteristics and requirements of a sustainable B&B business?

iv. How can the results obtained from sub-problem two and three be integrated to develop a strategic entrepreneurial model that will enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry?

1.3 OBJECTIVES OF THE STUDY

The objectives of the study are to:

- Identify the entrepreneurial process model from the literature;

- Evaluate a selected female owned business against this model;
• Develop a strategic entrepreneurial model to promote sustainability of female owned B&B businesses.

1.4 DEMARCATION OF THE STUDY

Demarcating the research serves the purpose of making the research topic more manageable from a research point of view.

1.4.1 Bed and Breakfast (B&B)

The research study will focus on the bed and breakfast service in the tourism industry.

1.4.2 Geographical Demarcation

The empirical component of this study will be limited to Port Elizabeth area. Specifically, Lalalah B&B situated in Summerstrand.

1.4.3 Approach

This research will follow a case study format on sourcing relevant data for the development of a strategic entrepreneurial model that will enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry.

1.5 DEFINITION OF TERMS

The following terms have been interpreted for the purpose of this study:

1.5.1 Bed and Breakfast

B&B is referred to as a small lodging establishment that offers overnight accommodation and breakfast, but usually does not offer other meals.
Typically, bed and breakfasts are private homes with fewer than ten bedrooms available for commercial use (Wikipedia, 2009).

1.5.2 Tourism Industry

All establishments whose principal productive activity is a tourism characteristic activity, i.e. the sum of all tourism characteristic activities (Department of Environmental Affairs and Tourism [DEAT], 2008).

1.6 THE SIGNIFICANCE OF THE STUDY

The significance and the potential contribution of this study can be discussed from both the theoretical and practical standpoints.

It is necessary to undertake the proposed research study for the sole reason of contributing to the knowledge base in the tourism industry and academia in general. The perceived benefits for this research study will be to allow female entrepreneurs and other prospective entrepreneurs irrespective of their gender to start and operate sustainable businesses.

1.7 METHODOLOGY OF THE STUDY

The literature study and a case study were undertaken for this study:

1.7.1 The Literature Study

The literature study was conducted in order to identify various key aspects and factors that contribute to the sustainability of business operation. The various key aspects and factors identified in the literature survey were used to develop a strategic entrepreneurial model that was intended to improve and enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry.
1.7.2 The Empirical Study

A single unit case study constituted the empirical part of the research and was conducted with the sole owner of Lalalah B&B situated in Summerstrand, Port Elizabeth.

The result of the empirical study were analysed and integrated with the theoretical findings.

1.8 OUTLINE OF THE STUDY

The study included the following chapters:

Chapter 1: Problem Statement and Outline of the Study

Chapter 2: The Nature of Entrepreneurship

Chapter 3: Entrepreneurship: a South African Perspective

Chapter 4: The Tourism Industry in South Africa

Chapter 5: Research Methodology

Chapter 6: The Case Study

Chapter 7: Evaluation and Analysis of Results

Chapter 8: Conclusion and Recommendations
1.9 CONCLUSION

The objective of this chapter is to clearly define the main problem and sub problems, as well as the outline concerned with addressing the main problem. The terms that will be constantly used have been defined in order to strengthen their meaning with reference to this research.

Chapter two will explore the nature of entrepreneurship.
CHAPTER 2

THE NATURE OF ENTREPRENEURSHIP

2.1 INTRODUCTION

Entrepreneurship has assumed an important presence in the world economy today. It has permeated every industry and arguably every career choice. It has further emerged to be a critical contributor to economic growth. This is due to the fact that high levels of entrepreneurship activity are at the core of economic growth of any country. Without such high levels of entrepreneurship, there are not sufficient producers and sellers of goods, providers of service and generators of income for job seekers (Van Aardt, Van Aardt, Bezuidenhout and Mumba, 2008: 3).

Today it is widely accepted that entrepreneurship contributes to the development, with a positive effect on society, creating employment, economic expansion a large tax base and more consumer well being (Dana, 2007: 5). In this regard entrepreneurship fulfils a very important function to ensure economic growth and development.

2.2 ORIGIN OF ENTREPRENEURSHIP

According to Wickham (2004: 5) the word entrepreneur has its origins from the seventeenth-century France, where it was derived from the French word entreprendre, meaning “to undertake”. It was introduced in the academic world by Cantilson in 1755 and raised into prominence by the French economist J. B. Say around 1800 (Barrow, 1993: 14). Since then, a number of concepts have been derived from the idea of the entrepreneur such as entrepreneurial, entrepreneurship and entrepreneurial process (Wickham, 2004: 6).
2.3 ENTREPRENEURSHIP DEFINED

Entrepreneurship is the emergence and growth of new businesses. The motivation for entrepreneurial activities is to make profits. Entrepreneurship is also the process that causes changes in the economic system through innovations of individuals who respond to opportunities in the market. In the process entrepreneurs create value for themselves and society (Nieuwenhuizen, 2003: 9).

Entrepreneurship is also a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced. It results in the creation, enhancement, realisation, and renewal of value, not just for owners but for all participants and stakeholders. At the heart of entrepreneurship is the creation and recognition of opportunities, followed by the will and initiative to seize these opportunities. It requires a willingness to take risks, both personal and financial, but in a very calculated fashion in order to balance the risk with potential reward (Timmons and Spinelli, 2007: 79).

The concept of entrepreneurship is further considered as the act of initiating, creating, building and expanding an enterprise or organisation, building an entrepreneurial team and gathering other resources to exploit an opportunity in the market place for long-term gain. A clear emphasis on the promise of growth, expansion and long term gain is evident in the latter definition. This is a reason why a small business that is aimed only at the survival of its owner can not be seen as an entrepreneurial venture (Van Aardt et al, 2008: 5).

Entrepreneurship has evolved beyond the start-up notion to include companies and organisations of all type, in all stages. Very rarely is entrepreneurship a get-rich quick scheme. On contrary, it is one of continuous renewal as entrepreneurs are never satisfied with the nature of opportunity. It requires considerable thought, preparation and planning even though it is an unplanned event. The world of entrepreneurship is not neat and tidy it is full of uncertainty (Timmons and Spinelli, 2007: 83).
Entrepreneurship is a process of innovation and venture creation through four major dimensions, individual, organisation, environmental, and process that is aided by collaborative networks in government, education, and institutions (Kuratko and Hodgetts, 2007: 47).

2.4 THE ENTREPRENEUR

Offering a specific unambiguous definition of the entrepreneur presents a challenge. This is due to the fact that there are many definitions in the literature. The management and economics literature is well served with the suggested definitions for the term entrepreneur. The problem arises because these definitions rarely agree with each other on the essential characteristics of the entrepreneur (Wickham, 2004: 6).

Nieuwenhuizen (2003: 4) points out that the latter is due to the fact that researchers tend to perceive and define entrepreneurs using the premises of their own discipline. For example the economists have associated entrepreneurs with innovation, whereas the behaviourists have concentrated on the creative and intuitive characteristics of entrepreneurs. With the above in mind, some of the definitions of the entrepreneur are given below.

Barrow (1993: 14) defines an entrepreneur as “someone who recognises an opportunity, raises the money and other resources needed to exploit the opportunity, and takes some or all risks associated with executing the ensuing plans”. The author further states that entrepreneurship can be correctly viewed as a behaviour characteristic than a personal trait, which explains why the ‘typical’ entrepreneur is difficult to describe.

Nieuwenhuizen (2003: 9) defines an entrepreneur as a person who sees an opportunity in the market, gathers resources and creates and grows a business venture to meet these needs. He or she bares the risks of the venture and is rewarded with profit if it succeeds. The entrepreneur is the aggressive catalyst for change in the world of business. He or she is an
independent thinker who dares to be different in a background of common events. The entrepreneur works creatively to establish new resources with a new capacity, all for the purpose of creating wealth (Kuratko and Hodgetts, 2007: 47).

Taking key concepts from a number of definitions including the ones above, it is possible to identify important aspects of entrepreneurship and the entrepreneur (Van der Merwe, 2003: 9):

- Identify an opportunity - this means that there must be a genuine business opportunity;
- Getting resources - operating equipment and labour must be organised;
- Taking risk - this refers to financial and personal risk experienced by the person who undertake the entrepreneurial process;
- Being rewarded - reward is the essential element of the free market system. It can be in the form of profit or an increased in the value of the business;
- Managing the business - this means that there must be planning, organising, leading and controlling of all functions in the business venture;
- Innovation and creativity - something new and different is required.

### 2.4.1 Types of Entrepreneurs

Entrepreneurs are as varied as the businesses they start. For every characteristic or behaviour that defines a successful entrepreneur, it is possible to find another completely different, yet successful entrepreneur who displays different characteristics and behaviours (Allen, 2003: 14). The latter confirms the existence of many paths to entrepreneurship. Many paths to entrepreneurship are also as a result of the emergence of new industries and markets that create new type of entrepreneurs (Van der Merwe, 2003: 38).

Following are some types of entrepreneurs:
- **Technology entrepreneurs (technopreneurs)**

  Technopreneurs play an important role in new scientific developments, especially in the areas of information technology, biotechnology and engineering science (Van der Merwe, 2003: 39).

- **Social entrepreneurs**

  These entrepreneurs run non governmental organisations (NGOs). For social entrepreneurs finding a start-up capital remains a major problem (Van der Merwe, 2003: 39).

- **Tourism entrepreneurs**

  Tourism is one of the fastest growing industries and is considered one of the biggest in the world and also the biggest employer. This is no exception for developing countries such as South Africa. The South African tourism market has adopted a new paradigm by creating new products through tourism entrepreneurs. This has created more opportunities in the tourism industry. For example, the accommodation sector of the industry is gaining momentum through the development of bed and breakfast establishments and guest houses to mention just a few (Van der Merwe, 2003: 39).

- **Home based entrepreneurs**

  Millions of people operate home based businesses. Many of these are hobby businesses, consulting, and freelance type businesses. Many others are entrepreneurial ventures that compete in the same arena as brand-name businesses with large facilities. Technology has made it possible to do business from virtually anywhere, in other words it is now unnecessary to work in a traditional office space to start or run a business. Home based entrepreneurs save on overheads and reduce the risk of start-up (Allen, 2003: 16).
**Cyber entrepreneurs**

The birth of the commercial internet gave rise to the cyber entrepreneur. A cyber entrepreneur takes pride in the fact that he or she does not have a bricks and mortar operation. These entrepreneurs transact all their business with customers, suppliers, strategic partners and other on the internet and deal in digital products and services that do not require bricks and mortar infrastructure like warehousing and physical distribution (Allen, 2003: 16).

**Serial entrepreneurs**

A serial entrepreneur enjoys the start-up phase of the business. As soon as the start-up activity is over and running the business takes over, these entrepreneurs move on to the next start-up. They enjoy the thrill of starting a business and leave the management issues to someone else (Allen, 2003: 16).

There are many more other types of entrepreneurs that can be identified based on their participation in entrepreneurship. Entrepreneurs participate in different industries, but this does not mean they differ in characteristics they posses as academics and researchers have discovered.

**2.4.2 Entrepreneurial Characteristics**

Based on the above broad categories of entrepreneurs, it is clear that there is no single entrepreneurial type. Even though this is the case there is a great deal of consistency in the way in which entrepreneurs approach their task (Wickham, 2004: 150). Research conducted by several academics reveals that there are specific characteristics or qualities that entrepreneurs possess. One theme consistently appearing in research to identify the characteristics of entrepreneurs is the importance of what they do, not personality traits they might or might not posses (Zimmerer and Scarborough, 1996: 6).
According to Allen (2003: 10) entrepreneurial characteristics are discovered through intense research. The author further states that not all entrepreneurs have the same characteristics or qualities. Following are some of the entrepreneurial characteristics as stated by Allen (2003: 10):

- **Risk Taking**

  The consensus of the research on risk-taking in entrepreneurs is that they are not big risk takers. Instead they are moderate calculated risk takers who define the risks inherent in any venture and continuously attempt to minimise them or manage them while focused on opportunity. Not being a big risk taker is certainly not a deterrent to entrepreneurship.

- **Need for Achievement**

  Entrepreneurs tend to have a high desire to be personally responsible for solving problems and setting and reaching goals. This means they have a need for achievement. They are also innately driven to make things happen and are not generally daunted by failure but tend to persevere until they succeed. To them the exploitation of an opportunity provides a stimulating environment for achievement.

- **A sense of Independence**

  Entrepreneurs also seem to purposely seek independence by being their own boss. This allows them to assume a higher degree of personal responsibility for their decisions and achievements. This need of independence often makes it difficult for entrepreneurs to delegate authority. The latter is often referred to as the dark side of entrepreneurs.

- **Internal Locus of Control**

  Locus of control describes the source to which human beings attribute the things that happen to them. Those who believe they have control over aspects
of their environment and destiny are said to have an internal locus of control. Entrepreneurs have a strong internal locus of control and this gives them a level of confidence in their ability to manage the entrepreneurial process.

- **Tolerance for Ambiguity**

Starting a business is by its nature dynamic, uncertain, complex and ambiguous. Entrepreneurs seem to cope well in this type of environment. This can be attributable to the fact that it is a challenging and exciting environment that offers more opportunities, as compared to a structured environment. Intense research conducted by researchers reveals that entrepreneurs have a greater tolerance for ambiguity.

Timmons and Spinelli (2007: 6) list the following characteristics of entrepreneurs cited from the books written between 1848 and 1974:

- Knowledge;
- Internal locus of power;
- Initiative and innovation;
- Desire for responsibility;
- Source of formal authority;
- Risk bearing and measurement;
- Risk taking and need for achievement;
- Autonomy, power, aggression and recognition;
- Drive/mental, human relations, communication ability and technical;
- Ambition, desire for independence, responsibility and self confidence.

Recently, a study of 118 entrepreneurs revealed that “those who like to plan are more likely to succeed than those who do not”. It is therefore clear that the get rich quick entrepreneurs who skip the planning phase are not the company builders and are likely to fail. Company builders are the visionaries who participates in the day to day routine to achieve long term objectives and who are not profit oriented (Timmons and Spinelli, 2007: 5).
2.5 THE MYTHS OF ENTREPRENEURSHIP

Throughout the years many myths have risen about entrepreneurship. These myths are the results of the lack of research on entrepreneurship. Some of the most notable myths with an explanation to dispel each myth appear next (Kuratko and Hodgetts, 2007: 33).

- **Entrepreneurs are born, not made**

While entrepreneurs are born with certain native intelligence, a flair for creating, and energy, these talents by themselves are like unmolded clay. The making of an entrepreneur occurs by accumulating relevant skills, know how, experiences, and contacts over a period of years and include large doses of self development (Timmons and Spinelli, 2007: 19).

- **Entrepreneurs seek success but experience high failure rate**

It is true that entrepreneurs suffer a number of failures before they are successful. They follow the motto “if at first you don’t succeed try, try, again.” Failure teaches many lessons to those willing to learn and often leads to future success. This is clearly shown by the corridor principle, which states that with every venture launched, new and unintended opportunities often arise (Kuratko and Hodgetts, 2007: 33).

- **Entrepreneurs are extreme risk takers**

Successful entrepreneurs take very careful, calculated risks. They strive to influence the odds, often by getting others to share the risk with them and by avoiding or minimising risk if they have the choice. Often they slice up the risk into smaller, digestible pieces. Only then do they commit the time and resources to determine if the piece will work. They do not deliberately seek to take more risk, nor do they shy away from unavoidable risk (Timmons and Spinelli, 2007: 19).
• All entrepreneurs need luck

Being at the right place at the right time is always an advantage. Prepared entrepreneurs who seize the opportunity when it arises often seem lucky. These entrepreneurs are simply better prepared to deal with the situations and turn them into success. Therefore, what appears to be luck really is preparation, determination, desire, knowledge, and innovativeness (Kuratko and Hodgetts, 2007: 33).

• Entrepreneurs should be young and energetic

While these qualities may help, age is no barrier. The average age of entrepreneurs starting high potential businesses is in the mid-30s. What is crucial is having the relevant know-how, experience, and contacts that greatly facilitate recognising and pursuing an opportunity (Timmons and Spinelli, 2007: 19).

• Entrepreneurs are doers, not thinkers

Although it is true entrepreneurs tend towards action, they are also thinkers. Entrepreneurs are methodical people who plan their moves carefully (Kuratko and Hodgetts, 2007: 33).

2.6 ENTREPRENEURIAL PROCESS

The entrepreneurial process is one through which a new venture is created by an entrepreneur (Nieuwenhuizen, 2003: 20). This process results from the actions of the entrepreneur in bringing the resources together to form the organisation in order to pursue the opportunity (Bygrave and Zacharakis, 2004: 2). The entrepreneur is the individual who lies at the heart of the entrepreneurial process. Entrepreneurs often act single in this process but in many instances entrepreneurial teams are important. With regards to the latter, different members of the team may take on different roles and share
responsibilities (Wickham, 2004: 134). An entrepreneurial process is usually depicted by specific models adopted from intensive research.

### 2.6.1 Timmons Model of the Entrepreneurial Process

According to Timmons and Spinelli (2007: 88) the driving forces behind a successful new venture creation can be illustrated by the following Timmons Model:  
**Figure 2.1: The Timmons Model of the Entrepreneurial Process**

![Diagram of the Timmons Model](image)

There are three visible crucial components for a successful new business as depicted in the model above: the opportunity, the entrepreneur (management team) and the resources needed to start the venture and make it grow. Out of these three crucial components the Timmons Model of the Entrepreneurial Process starts with an opportunity. The shape, size and depth of this opportunity form the shape, size and depth of both the team and the resources as per model (Timmons and Spinelli, 2007: 88).
2.6.1.1 The Opportunity

At the heart of the entrepreneurial process is the opportunity. An opportunity is a gap left in the market by those who currently serve it. It represents the potential to serve customers better than they are being served at present (Wickham, 2004: 134). Successful entrepreneurs or investors have an ability to understand that a good idea is not necessarily a good opportunity. This is why for every 100 ideas presented to investors in the form of a business plan, usually fewer than four get funded (Timmons and Spinelli, 2007: 89).

An opportunity can be understood by first focusing on market readiness. This refers to the consumer trends and behaviours that seek new products and services. After the identification of these emerging patterns, an aspiring entrepreneur can develop a service or product concept. The final stage can then be the development of the service and product delivery system (Timmons and Spinelli, 2007: 90).

According to Timmons and Spinelli (2007: 118) superior business opportunities have four fundamental anchors:

- They create or add significant value to a customer or end-user;
- They achieve this by solving a significant problem, removing a serious pain-point, or meeting a significant pain or need for which someone is willing to pay a premium;
- They have robust market, margin and money making characteristics;
- They are a good fit with the founder and management team at the time and market place, along with an attractive risk reward balance.

An entrepreneur is responsible for scanning the business landscape for unexploited opportunities. Identifying and evaluating an opportunity is not an easy task. An entrepreneur must deliberately search for creative ideas that can be converted into new business venture. Converting ideas into
opportunities requires one to evaluate each idea. This can be achieved through a viability and feasibility study (Nieuwenhuizen, 2003: 20).

The latter refers to the examination of the potential of the idea to be converted into a business opportunity. The primary focus than lies with the ability of the entrepreneur to pursue the idea and try to align his or her skills with what is required. The viability study refers to an in-depth investigation into the potential of the idea to be converted into a new business venture. In this case the focus is more on the market and profit potential of the idea (Nieuwenhuizen, 2003: 20).

Further, in identifying and evaluating ideas to determine good opportunities, it is important for entrepreneurs to realise that there are characteristics of good opportunities (Timmons and Spinelli, 2007, 90):

- Market demand is a key ingredient to measuring an opportunity,
- Market structure and size help define an opportunity, and
- Margin analysis helps differentiate an opportunity from an idea.

When determining the risks and rewards it is very important for an entrepreneur to consider the market size and the length of the window of opportunity. In this instance the window of opportunity refers to the time period available for creating the new venture. When markets grow more and more opportunities arise, but as markets matures the window of opportunity starts to close and as a result opportunities decline (Nieuwenhuizen, 2003: 20).

2.6.1.2 Resources

There are three visible crucial components for a successful new business as depicted in the Timmons model above. One of these is resources. According to Van Aardt et al (2008: 122) resources can be divided into four broad categories namely:
- Operating resources – these refer to the buildings, assets, equipment and stock that will be needed to achieve the goals and objectives of the new business venture;
- Human resources – this include all personnel who are directly and indirectly involved in rendering the service;
- Financial resources – here the entrepreneur determines what financial resources are available, whether it is own capital, loan capital or investment capital and;
- Technological resources – it is virtually impossible for a business to exist without technological resources such as computers, telephones access to internet and e-mail.

To determine the amount of capital that a company needs to get started, an entrepreneur must determine the minimum set of essential resources. The first thing that an entrepreneur should do is to assess what resources are crucial for the company’s success in the market-place. Once this is done, an entrepreneur will be able to determine where he or she should put a disproportionate share of scarce resources (Bygrave and Zacharakis, 2004: 18). Resources play a very important role creation of a successful new business venture.

### 2.6.1.3 The Entrepreneurial Team

It is well understood today that the entrepreneurial team is a key to the success of a higher potential venture. This calls for a lead entrepreneur with an ability to lead and communicate effectively so as to build an effective entrepreneurial team. Clearly, a new venture requires a lead entrepreneur with the following characteristics (Timmons and Spinelli, 2007, 91):

- An entrepreneur that learns and teaches faster;
- That deals with adversity and is resilient;
- That exhibit integrity, dependability and honesty;
- That builds entrepreneurial culture and organisation.
A high potential venture also requires interpersonal skills to foster communications and team building. Most investors now concentrate on the creative brilliance of the lead entrepreneur. Teams should be formed and led by a capable lead entrepreneur, because the lead entrepreneur will always be central to the team as both player and coach. With the creative brilliance of the lead entrepreneur, the team should exhibit these qualities (Timmons and Spinelli, 2007, 91):

- The team should have relevant experience and track record;
- They should be motivated to excel;
- They should be committed, determined and persistent;
- Creative;
- Opportunity obsessed;
- Have leadership and courage;
- Be able to adapt to different situations;
- Be able to communicate effectively;
- Tolerance of risk, ambiguity and uncertainty.

In this instance, investors look for a lead entrepreneur who is capable of building a management team that possess the above qualities. Timmons and Spinelli (2007, 91) state that a leader should adapt a philosophy that rewards success and support honest failure, shares the wealth with those who help create it and sets high standards for both performance and conduct.

2.6.2 Carol Moore’s Entrepreneurial Model

According to Bygrave and Zacharakis (2004: 3) the sociological, the personal and environmental factors give birth to a new enterprise. The process that involves these factors is depicted below on the Carol Moore’s model:
In this process a prospective entrepreneur gets an idea for a new business venture. This happens through a deliberate search or a chance encounter. Whether or not the prospective entrepreneur decides to pursue the idea depends on factors depicted in the model such as the state of the economy, family and the availability of resources. The human behaviour, entrepreneurial traits are shaped by personal attributes and environment as also depicted in the model (Bygrave and Zacharakis, 2004: 3-5). Bygrave and Zacharakis (2004: 3) point out that there is always almost a triggering event that gives birth to a new business venture or organisation.
2.6.2.1 Personal Attributes

Today, after more research, it appears that entrepreneurs have a higher locus of control than non-entrepreneurs. This means that they have a high desire to be in control of their own fate. Many surveys have confirmed that entrepreneurs seek independence, this become a main reason for starting their business (Bygrave and Zacharakis, 2004: 5). Personal attributes can be considered as the driving force behind the motivation to embark in the entrepreneurial journey. As important as personal attributes are environmental factors that positively influence a prospective entrepreneur.

2.6.2.2 Environmental Factors

External factors have a noticeable impact on a would-be entrepreneur. It’s no accident that some parts of the world are more entrepreneurial than others. Role models are very important in terms of playing an influential role to prospective entrepreneurs. Knowing a successful entrepreneur makes the act of aspiring to be an entrepreneur seems much more credible. Prospective entrepreneurs come into contact with role models primarily in the home or at work. The study conducted to undergraduate students studying entrepreneurship reveals that most of them come from families that own business (Bygrave and Zacharakis, 2004: 7). This is a clear indication that environmental factors as per Carol Moore’s model influence prospective entrepreneurs’ decision to strive to become an entrepreneur. Besides role models, entrepreneurs are also influenced by other sociological factors.

2.6.2.3 Sociological Factors

Family responsibilities play an important role in the decision whether to start a new business venture. It is a relatively easy career decision to start a business when a prospective entrepreneur is single and without any dependents. It is a much harder decision when a prospective entrepreneur is married, has teenage children preparing to go to university, a hefty mortgage and a secure well paying job. Another factor that plays an important role in
the decision to start a business is the trade-off between the experience that comes with age and the optimism and energy of the youth. As one grows older he or she gains experience in the industry that can manifest itself into pessimism about a chance of succeeding in business (Bygrave and Zacharakis, 2004: 7). Clearly social factors play a crucial role in the decision making of a potential entrepreneur.

2.7 CONCLUSION

In this chapter the researcher adopted a general and holistic approach in introducing and defining the concept of entrepreneurship. The characteristics and the types of entrepreneurs have been discussed. The researcher further looked at the myths regarding entrepreneurship and the entrepreneurship processes. Two models of entrepreneurship have also been discussed in detail.

Having discussed entrepreneurship in general, the researcher will now focus on discussing entrepreneurship in the South African perspective. This topic is addressed in the following chapter.
CHAPTER 3

ENTREPRENEURSHIP:
A SOUTH AFRICAN PERSPECTIVE

3.1 INTRODUCTION

In chapter two the researcher discussed the concept of entrepreneurship in general. The aim of this chapter is to present the status of entrepreneurship in South Africa (SA).

The perception that South Africa lacks a culture of entrepreneurship is not only widespread but sadly, it is supported by facts. This does not mean there is no entrepreneurial talent in the country because there is plenty of it around. However a glance at the typical school syllabus and eavesdropping when South Africans discuss their future, reveals that South Africa’s value system is seriously skewed towards producing job seekers rather than job creators (Parker, 2003: 1).

In South Africa, as is true for most developing countries, there is a shortage of entrepreneurs. This is especially true for entrepreneurs in the formal sector. The country has too few people with entrepreneurial qualities. This leads to a situation where the South African economy performs poorly because only a limited number of people succeed as entrepreneurs (Van Aardt, Van Aardt, Bezuidenhout and Mumba, 2008: 4). The rate of success of prospective entrepreneurs is slowed down by various factors that are inherent to a developing country like South Africa.

South Africa has recently seen the emergence of prospective women entrepreneurs. Statistics indicate that women entrepreneurs are fast becoming significant contributors to the South African economy as business owners and job creators (Business Partners, 2009). This is an excellent development for the South African economy. But sadly, women entrepreneurs
face several barriers on their stride to participate and survive in the mainstream of entrepreneurship (Department of Trade and Industry [DTI], 2006).

3.2 ENTREPRENEURSHIP IN SOUTH AFRICA

The definition of entrepreneurship given in chapter two put into perspective genuine entrepreneurial activities that occur in the South African business environment, but on a small scale. Entrepreneurship in SA is still marked by scepticism. This is due to low entrepreneurial activities that exist in the country. Since the inception of the new dispensation, South Africa has been forced to create a friendly business environment that is conducive to existing and emerging entrepreneurs in order to promote entrepreneurial activity and economic growth. The latter has not proven to be highly successful based on data supplied by research institutions. South Africa's entrepreneurial activity continues to lag behind that of other developing countries (Centre for Innovation and Entrepreneurship University of Cape Town [CIE/UCT], 2006). The latter is due to the following factors (CIE/UCT, 2006):

3.2.1 The Education System

Education is considered as one of the main sources of distributing entrepreneurial knowledge. According to the South African Institute of Entrepreneurship, SAIE (2006) the failure of South Africa to adequately educate its citizens especially from poor or modest backgrounds has resulted into low rate of entrepreneurial activity in the country.

The Global Entrepreneurship Monitor, GEM (2005) research has also concluded that the South African school system is largely to blame for low rate of entrepreneurial activity experienced by South Africa. GEM attributes this to the failure to provide the vast majority of learners with the basic knowledge and skills required to start an opportunity motivated business venture. In a survey of more than 4 500 learners in 41 schools, it was found
that pupils in mainly black schools were 50 percent less likely to acquire entrepreneurial skills and attitudes than those in mainly white schools (GEM, 2005).

South African schools are doing far less than schools in other developing countries to develop the skills required for entrepreneurship. South African adults who do not have tertiary education are considered to be significantly less likely than their counterparts in other developing countries to be able to sustain an opportunity motivated new business venture (SAIE, 2006).

According to the Centre for Innovation and Entrepreneurship at University of Cape Town, CIE/UCT (2006) it is not all doom and gloom because SA's tertiary education system appears to measure up relatively well, producing young people who start their own businesses at a comparable rate to other developing countries.

Education is the key determinant of a country's future entrepreneurial capacity. Boosting entrepreneurial capacity depends on how well the education system equips people to start their own businesses (CIE/UCT, 2006). This means that South Africa needs to pay more attention to primary and secondary school curriculum, so as to grow a nation that has an entrepreneurial mindset. The country also needs to educate adults' entrepreneurial skills this will contribute to poverty alleviation and promote entrepreneurial activity in South Africa.

3.2.2 Family and Role Models

The extent to which individuals are exposed to entrepreneurial activities in their direct circumstances, such as the activities of family members and other role models increases the tendency towards entrepreneurship. Children who grow up in families where members are entrepreneurs are more inclined to start their own businesses or become involved in the family business (Nieuwenhuizen, 2003: 12). In South Africa only a small proportion of individuals are exposed to family members who are prominent entrepreneurs.
This equates to less people who are directly influenced to become entrepreneurs. It still remains a challenge for SA to cultivate the entrepreneurial culture.

3.2.3 Work Experience

The type of work and skills gained in the work place contributes immensely to an individual’s entrepreneurial orientation. Entrepreneurs often gain experience as employees and then apply the knowledge, skills and experience gained in employment in their own businesses (Nieuwenhuizen, 2003: 12). With a high unemployment rate in South Africa, the majority of people lack working experience that can be a learning curve for opening and running businesses. This further exacerbates the low rate of entrepreneurial activities in the country.

3.2.4 Culture

Entrepreneurship in SA is not seen as a desirable career choice. In societies with entrepreneurial cultures, people have a need for achievement and there is a rise of entrepreneurial ventures. Education and skills in SA are not orientated towards private enterprise and large proportion of entrepreneurship (31 percent) is said to be motivated by necessity (International Entrepreneurship [IE], 2009).

The legacy of SA history has left much to be desired as most South Africans believe in going to school to learn, in order to work for big corporations. This is caused by the lack of the entrepreneurial culture. Policy makers in the government need to take heed of the influence of culture on entrepreneurship (Nieuwenhuizen, 2003: 11-12).

The factors listed above contribute significantly to the low rate of entrepreneurial activity experienced in South Africa. The existing and emerging entrepreneurs in SA face specific barriers that may be termed as unique to South Africa.
3.3 BARRIERS FACING SA ENTREPRENEURS

Entrepreneurs in South Africa face unique challenges. These challenges include (IE, 2009):

- Crime;
- Dealing with diversity;
- Overcoming the legacies of apartheid;
- Fostering an acceptable business ethic;
- Facilitating reconciliation between ethnic groups.

In addition to these challenges SA entrepreneurs are further faced by critical constraints that are in the form of inappropriate restrictive legislative and regulatory conditions. These critical constraints restrict the access of small enterprises into the business sector and act as obstacles to their growth (Department of Trade and Industry [DTI], 2006).

Entrepreneurs in South Africa also face unique challenges with regard to their gender. In this regard women entrepreneurs when compared to their male counterparts are heavily subjected to barriers that create an un-conducive business environment. Access to financial resources is limited due to poverty, lack of business skills, and lack of overall resources (IE, 2009).

The legal and regulatory environment, access to markets, access to finance and affordable business premises, the acquisition of skills and managerial expertise, access to appropriate technology, the tax burden, and access to quality business infrastructure in poor areas or poverty nodes still remain as challenges facing entrepreneurs in the country (DTI, 2006).

Starting a business in any developing country like SA is not an easy task due to the challenges inherent to business start-ups. Even though entrepreneurs in South Africa face unique challenges, they play an important role in the SA economy once their businesses become a success.
3.4 THE ROLE OF SMMEs IN THE SA ECONOMY

At a national level, it is estimated South Africa has approximately two million small businesses, representing 98 percent of the total number of firms in the country. Small enterprises employ about 55 percent of the country’s labour force and contribute approximately 42 percent to the country’s wage bill. It has emerged that 87 percent of these small enterprises are survivalist and of these, the great majority are black owned, with 41 percent owned by women (IDC: 2006). Small, Medium and Micro Enterprises (SMMEs) play a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways provided an appropriate enabling environment is created (White Paper, 1995).

As large enterprises have restructured and downsized, SMMEs have come to play an increasingly important role in South Africa’s economy and development. The sector has grown significantly. The government has therefore targeted the SMME sector as an economic empowerment vehicle for previously disadvantaged people (New Business Development, 2003).

3.5 SA GOVERNMENT AND ENTREPRENEURSHIP

For many developing countries like SA, SMMEs are powerful engines of economic growth and wealth creation, and are crucial for providing employment opportunities. The South African government has recognised the vital contribution that entrepreneurs play in economic development through SMMEs. For this reason and others, the SA government has since implemented ASGISA, Accelerated and Shared Growth Initiative of South Africa, a strategy aimed at promoting an entrepreneurial nation that rewards and recognises those who see a business opportunity and pursue it (IDC, 2006).
3.5.1 Rationale for Supporting SMMEs

The promotion of entrepreneurship and small business remains an important priority of many developing countries like South Africa. In March 1995, the Government of South Africa released a White Paper on national strategy for the development and promotion of small business in South Africa. The White Paper articulated the Government’s rationale for small business promotion.

The following points were stipulated (White Paper, 1995):

- With millions of South Africans unemployed and underemployed, the Government has no option but to give its full attention to the fundamental task of job creation, and to generating sustainable and equitable growth;

- SMMEs represent an important vehicle to address the challenges of job creation, economic growth and equity in the country;

- SMMEs play a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways;

- With the appropriate enabling environment, SMMEs in SA can create jobs and make a permanent mark on the economy;

- The stimulation of SMMEs must be seen as part of an integrated strategy to take the economy onto a higher road – one in which the economy is diversified, productivity is enhanced, investment is stimulated and entrepreneurship flourishes and creates an enabling environment for small enterprises.
3.6 SOURCES OF SUPPORT FOR ENTREPRENEURS IN SA

According to Van Aardt et al (2008: 42) an entrepreneur can obtain support from a wide range of individuals and institutions. The sources of support that are available to entrepreneurs can be divided into four categories, namely (Van Aardt et al, 2008: 42 - 51):

3.6.1 Personal Sources

A personal support system consists of personal knowledge and skills base, friends, family, business and other associates who provide support during unfavourable times. The personal support system is important because it provides a personal safety net for an entrepreneur. The experience, technical skills, and qualification relevant to business activity that an entrepreneur is pursuing are very important, because they can become the determinants of success of the business. Also the backing of friends and relatives play a major role for moral support.

Due to the fact that many problems are common to businesses, prospective entrepreneurs can learn valuable lessons from more experienced entrepreneurs who have successfully dealt with such problems in the past. Entrepreneurs working together in co-operatives and franchises have proven to be highly successful, which is the indication of the value of support that entrepreneurs give one another.

Suppliers on the other hand can be an important personal support system. Suppliers assist entrepreneurs by giving extensions on credit and providing advice on management. Employees also play an important role as a personal support system, as entrepreneurs cannot run their business operation single-handedly without competent employees. Well qualified, experienced and highly skilled employees are an asset to the business and they should be utilised profitably. Further, customers are the recipients of the products and services supplied by entrepreneurs and they can give feedback with regard to the quality and value of the product or service provided.
3.6.2 Institutional Sources of Support

Institutional sources of support refers to support provided by government and related organisations, by professional and business associations and by educational institutions. These organisations provide valuable support with regard to training, providing ideas and interacting with some other businesses. In South Africa the department of trade and industry is commissioned to increase the contribution of small enterprises to the gross domestic product (GDP). It achieves this through its group of institutions, which include (Diale, 2009):

- The Centre for Small Business Promotion (CSBP) - a chief directorate that falls directly under the department of trade and industry responsible for all policy related to the SMMEs and supports programs;

- The Industrial Development Corporation (IDC) - a state owned development finance institution that promote entrepreneurship;

- Khula - Founded in 1996 and specialises in ensuring the availability of loan and equity capital to SMMEs;

- The National Manufacturing Advisory Centre Co-ordinating Body (NAMAC) - provides manufacturing information and related business development services;

- The National Empowerment Fund (NEF) - empower historically disadvantaged people through the wider ownership, control and management of certain income generating assets (Van Aardt et al, 2008: 46);

- National Enterprise Promotion Agency (Ntsika) - established to provide access to training, information, capacity building, counselling, markets, and technology.
3.6.3 Professional Sources of Support

Professional sources of support such as lawyers, consultants and accountants can be valuable to an entrepreneur. Business consultants are helpful during the process of developing a business plan and also in providing specialised support such as technology. Lawyers assist with all the legal aspects surrounding a business such as contracts, labour legislation, and regulations. In this regard, lawyers have to advise, assist and represent entrepreneurs. In order to make good business decisions an entrepreneur also needs reliable information on the financial position of the business. The role of an accountant then becomes crucial to the entrepreneur (Van Aardt et al, 2008: 49).

3.6.4 Financial Sources of Support

Venture capitalists provide much needed venture capital to a large number of entrepreneurs. Venture capitalists assist entrepreneurs for the sole reason of profit making and sometimes just to help entrepreneurs succeed. Banks and other financial institutions also assist entrepreneurs in a variety of ways. Banks supply capital to entrepreneurs before, during and after start-up. In addition to this is a variety of services offered to an entrepreneur (Van Aardt et al, 2008: 51).

3.7 WOMEN ENTREPRENEURS IN SA

With years of legislative effort, women still face discrimination in the workplace. However, entrepreneurship has been a leader in offering women the economic expression to start and own their own businesses irrespective of the size. Women are opening businesses of their own in record numbers that women owned business represent a noticeable percentage. Even though there is a clear indication that women are joining the mainstream of entrepreneurship, there are still obstacles or barriers facing prospective women entrepreneurs.
In Africa women represent the majority of entrepreneurs operating in the informal sector as street vendors. This is due to the lack of necessary technical skills required. A vast number of households in South Africa are dependent on the women’s financial support (Van der Merwe, 2003: 34). Adhikary et al (1999: 59) cited by Van der Merwe (2003: 34) define a successful women entrepreneur as follows: she must have been in business for longer than two years, operate an enterprise with more than five employees and less than thirty, make profit and has expanded in terms of infrastructure and growth.

Traditionally a woman’s role has been that of a mother and wife, but the economic role of women has emerged in South Africa. Women are convincingly represented in large numbers in boardrooms. Not so long ago women entrepreneurs seemed to be a disadvantaged group. Until recently, they could not pursue a business activity without taking their husband or male family member along (Van der Merwe, 2003: 34). This has changed since then, as women entrepreneurs started entering the main stream of entrepreneurship in South Africa.

The women entrepreneur has made her mark in the self employment sector, but a lot of questions still linger on how women can be successful entrepreneurs if they are overworked in the home, uneducated or untrained, or unexposed to markets or cut off from financial resources or just discriminated against in a male dominated society (Van der Merwe, 2003: 34). A lot of ground has been covered in South Africa to try and eliminate as well as answer these lingering questions. One does not have to look far to notice the results of these efforts, be that as it may women entrepreneurs are still facing difficulties when it comes to starting and sustaining their own businesses.

3.7.1 Barriers facing Women Entrepreneurs

It is a known fact that starting and owning a business involves considerable risks and effort for entrepreneurs, especially in view of the high failure rate.
The risk is usually even greater for women entrepreneurs, who not only have to contend with the problems associated with operating in a traditionally male dominated area. Although both men and women face difficulties in establishing an enterprise, women face specific barriers. Among these barriers are (Van der Merwe, 2003: 35-36):

- Lack of support;
- Personal difficulties;
- Gender discrimination;
- Limited access to financial resources;
- Negative prevailing sociocultural attitudes.

Women often suffer from low credibility when dealing with the various stakeholders associated with their firm, such as suppliers, customers and bankers. The study conducted in South Africa, found that although 72 percent of micro-enterprises were owned by women, both internal and external barriers impacted on the success of these businesses. These barriers ranged from self confidence, assertiveness, and self-motivation, reliability and communication skills (Van der Merwe, 2003: 36).

According to Adhikary et al (1999: 59) cited by Van der Merwe (2003: 36) Ntsika Enterprise Promotion Agency held a workshop for women entrepreneurs and the following barriers facing women were highlighted:

- There is limited networking for women within specific industries;
- No data base of women entrepreneurs by sector is available;
- Financial institutions readily criticise women’s business plans without giving direction and guidance;
- Exposure to media is very expensive;
- There is replication and duplication of too many craft centres or groups in an area.
It is therefore clear that there are still challenges faced by women entrepreneurs in South Africa. Even though this is the case, women entrepreneurs’ presence is now felt in the informal and formal economy.

3.7.2 Types of Women Entrepreneurs

According to Van der Merwe (2003: 35) women entrepreneurs can be categorised as follows:

- Traditional women business owners are highly committed to entrepreneurial ideas as well as conventional gender roles. They are motivated to start a business due to economic pressure at home. Their primary concern is to maintain profits by keeping costs as low as possible;

- Innovative women business owners are highly committed to entrepreneurial ideas but not to traditional gender roles. They start their business because of limited career prospects in large organisations. These are ambitious women entrepreneurs that consider their business a number one priority. Most of the South African women entrepreneurs fall in this category;

- Domestic women business owners are not committed to entrepreneurial ideas but have a high attachment to traditional gender roles. They usually give up work to have children. Their motives are self-fulfilment, the exercise of creative skills and a search for personal autonomy. Most of their businesses are run from home;

- Radical women business owners have little commitment to entrepreneurial ideas and traditional gender roles. They are not entrepreneurial venture seekers. They are usually young, without children and well educated but with limited work experience.
3.7.3 Comparison between male and female entrepreneurs in South Africa

Drawing from the fact that women entrepreneurs have joined the mainstream of entrepreneurship. It is therefore important to draw some comparison between male and female entrepreneurs. Table 3.1 indicates differences between these entrepreneurs based on their characteristics and needs (Van der Merwe, 2003: 37):

**Table 3.1: Comparison between male and female entrepreneurs**

<table>
<thead>
<tr>
<th>Characteristics/ Need</th>
<th>Male entrepreneurs</th>
<th>Women entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a business</td>
<td>Have set the foundation in the business environment for women entrepreneurs to follow</td>
<td>Some women are unaware of the fact that they can conduct business on their own</td>
</tr>
<tr>
<td>Type of business started</td>
<td>Manufacturing or construction</td>
<td>Service related – examples bed and breakfasts, guest houses and coffee shops</td>
</tr>
<tr>
<td>Relationship building</td>
<td>More short term orientated. Searches for the best way to get the job or deal done</td>
<td>Build relationships with service providers, especially lenders such as bankers</td>
</tr>
<tr>
<td>Access to finance</td>
<td>Can be a barrier if the male entrepreneur does not have adequate collateral</td>
<td>Most severe barrier and discrimination when applying for finance.</td>
</tr>
<tr>
<td>Support groups</td>
<td>Friends, professional acquaintance, business partners and spouse</td>
<td>Spouse, network group or associations</td>
</tr>
</tbody>
</table>

*Adapted from: Van der Merwe (2003: 37)*
3.8 CONCLUSION

In this chapter, the researcher emphasised the status of entrepreneurship in South Africa. The barriers facing South African entrepreneurs have been outlined. The researcher further looked at the role of SMMEs in the SA economy as well as the rationale for government to support SMMEs. Sources of support for SA entrepreneurs have been discussed.

The researcher also specifically looked at women entrepreneurs in SA with the aim of identifying the challenges they face. A brief comparison between female and male entrepreneurs has also been introduced.

The following chapter explores the status of tourism industry in South Africa.
CHAPTER 4

THE TOURISM INDUSTRY IN SOUTH AFRICA

4.1 INTRODUCTION

In Chapter three the researcher discussed the nature of entrepreneurship in South Africa. The aim of Chapter four is to provide an overview of the status of the tourism industry in South Africa (SA).

According to Walker (2006: 4) the tourism industry is the fastest growing industry in the world. The latter is full proof with regards to SA considering the fact that the country remains a popular tourism destination despite the global economic crisis and is considered to be one of the world’s fastest-growing tourist destinations that offers many opportunities for aspiring entrepreneurs. In 2008, SA received more than 9.5 million foreign tourists. These tourists spent R74.2 billion which is 23.5 percent more than they spent in 2007 (South African Tourism [SAT], 2009).

The SA tourism industry is gearing up for 2010 Soccer World Cup. Here the industry stands to benefit significantly and create jobs for unemployed citizens. It is estimated that the industry will contribute 12 percent to the Gross Domestic Product (GDP) during 2010 FIFA Soccer World Cup (SAT, 2009).

As the industry is set for growth, challenges are also threatening its progress. According to the Business Partners (2009) entrepreneurs who run guest houses and bed and breakfasts (B&Bs) face a daunting challenge of competing with well resourced big hotel chains. The industry is facing a supply and demand challenge of staff, as the demand for staff far outstrips supply (South Africa Good News [SAGN], 2007).

The tourism industry has seen the emergence of women entrepreneurs. According to the SAGN (2007) an increasing number of women entrepreneurs
have been hosting visitors as tourism grows. Women entrepreneurs are found solidly anchored along the tourism value chain performing the following roles among others (SAGN, 2007):

- Running B&B's;
- Working as tour operators and guides;
- Supplying products and services to the industry.

Women play a significant role to strengthen and grow sustainable tourism products and experiences throughout the industry.

4.2 DEFINITION OF TOURISM

According to Weaver and Lawton (2002: 2) there is no single definition of tourism to which everyone adheres. Tourism boards in different countries establish working definitions which satisfy their own specific requirements and circumstances.

Due to the fact that tourism is an increasingly widespread and complex activity that is difficult to define, the main stakeholders in the South African tourism industry undertook an exercise to develop a set of tourism definitions that are aligned to global standards (Department of Environmental Affairs and Tourism [DEAT], 2008).

DEAT (2008) lists the following official definitions applicable to the tourism industry:

4.2.1 Tourist

A tourist is any visitor travelling to a place other than that of his/her usual environment for more than one night but less than 12 months, and whose main purpose of the trip is other than the exercise of an activity remunerated from within the place visited.
4.2.1.1 Domestic Tourist
A domestic tourist is resident visitor who visits within the economic territory of the country of reference.

4.2.1.2 Inbound Tourist
An inbound tourist is a non-resident visitor who visits within the economic territory of the country of reference.

4.2.1.3 Outbound Tourist
An outbound tourist is a resident visitor who visits outside the economic territory of the country of reference.

4.2.2 Visitor
A visitor is any person travelling to a place other than that of his/her usual environment for less than 12 months, and whose main purpose of the trip is other than the exercise of an activity remunerated from within the place visited.

4.2.3 Tourism Accommodation
It is any facility that regularly (or occasionally) provides ‘paid’ or ‘unpaid’ overnight accommodation for tourists.

4.2.4 Tourism Industry
Refers to all establishments whose principal productive activity is a tourism characteristic activity i.e. the sum of all tourism characteristic activities.
4.2.5 Tourism Sector

Consists of a set of institutional units whose principal economic activity is a tourism characteristic activity.

4.2.6 Domestic Tourism

The tourism of resident visitors within the economic territory of the country of reference.

4.2.7 Tourism Consumption

The total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at a destination.

The definitions listed above have been selected by the researcher for the sole reason of exhibiting the common terms used in the SA tourism industry.

4.3 REASONS TOURISTS VISIT SOUTH AFRICA

There are various reasons tourists visit specific destinations. According to the DEAT (2008) tourists visit or travel within SA due to the following reasons:

4.3.1 Business Travel

Some tourists visit SA for business related reasons. Business travel is a trip which is undertaken with the purpose being to conduct commercial or formal transactions or activities that are related to the individual's job. This may, for example, include visiting a client, signing deals, negotiating a contract (including import/export) and partaking in professional sports activities.
4.3.2 Business Tourism

Business tourism is referred to as a trip which is undertaken with the purpose of attending a conference, meeting and an exhibition event.

4.3.3 Holiday

A holiday is referred to as a trip which is undertaken where the purpose is any kind of leisure activity. This may, for example, include golf or bird watching, cultural exploration, fun, adventure or relaxation, partaking in non-professional sports activities or as a spectator at a sports event and visits to health spas.

4.3.4 Trading

Trading is referred to as a trip undertaken to shop for goods that will be resold in the near future.

4.3.5 Medical Treatment

This is a trip which is undertaken for medical treatment and includes elective surgery.

4.3.6 Religious

Tourists also visit SA for religious motivated purposes. A religious trip is a trip which is undertaken for religious meetings or pilgrimages.

4.3.7 Visiting Friends and Relatives

A trip which is undertaken to see, socialize with, or to spend time with relatives and/or friends. The person need not have stayed at the relative’s house. The purpose of visit includes weddings and funerals or other family event.
4.3.8 Shopping

A trip which is undertaken to shop for goods that will be used by the tourist, and will not be resold. The goods will be taken back by the tourist.

4.4 CHALLENGES FACING THE TOURISM INDUSTRY

The period of strong growth since 1990 has fundamentally changed the face of the tourism industry in SA. With a small domestic market and less than one million annual foreign arrivals in the two decades before 1990, the country has grown to a destination that welcomed more than seven million visitors by 2005 (SAT, 2008).

In 2006 and 2007 the tourism industry contributed R137.6 billion and R159.6 billion to South Africa's Gross Domestic Product respectively. This showed the growth trend with regards to the monetary value. The number of jobs created by the industry either directly or indirectly also increased by five percent from 896 900 in 2006 to 941 000 in 2007. This made tourism the fastest growing industry in the South African economy (Appel, 2008).

In 2008 the industry continued to show growth, as it received more than 9.5 million foreign tourists (Statistics South Africa [Stats SA]: 2008). With the 2009 confederations cup and other sporting events taking place in South Africa, the industry anticipated further growth in 2009. However, the signs of decline began to emerge.

According to Statistics South Africa (2009), the total income for the accommodation industry for the first quarter of 2009 decreased by 12 percent compared to the first quarter of 2008 and the total income for the accommodation industry in March 2009 decreased by 14.1 percent compared to March 2008. All accommodation types reported decreases for March 2009 compared to March 2008. The main contributor to the decrease in the income
from accommodation for the first quarter of 2009 compared to the first quarter of 2008 was hotels (Stats SA, 2009).

The decline in the tourism industry is attributed to various challenges. The Tourism Minister Marthinus Van Schalkwyk attributed the decline to the economic recession, as all existing and prospective markets experienced economic strain (South African Press Association [Sapa], 2009: 2). According to Appel (2008) the decline experienced by the tourism industry can also be attributed to the following factors:

- The economic recession in some of South Africa’s key tourism markets as already stated;
- the impacts of climate change on worldwide travel patterns;
- exchange rate fluctuations;
- and restrictions in aviation capacity.

In addition, the challenges of appropriately qualified staff, limited transformation, constrained domestic air capacity and transport links and the limited involvement of local government in tourism planning, also play a major role by affecting the industry’s potential to reach its peak (Appel, 2008).

The SA tourism industry also still faces constraints that were identified in the white paper of May 1996. The White Paper (1996) identified the following key constraints:

- inadequate protection of the environment;
- lack of infrastructure, particularly in rural areas;
- tourism has been inadequately resourced and funded;
- inadequate tourism education, training and awareness;
- a ground transportation sector not geared to service tourists;
- lack of inclusive, effective national, provincial and local structures for the development, management and promotion of the tourism sector;
- limited integration of local communities and previously neglected groups into tourism.
In addition to these constraints, an immediate problem facing the industry is the growing levels of crime and violence on visitors.

Besides the challenges faced by the industry and the clear signs of decline especially in international arrivals, the industry has been safely cushioned by the activities in domestic tourism due to various sporting events. However, it is evident that the slow down in the domestic market has gathered pace in the first six months of 2009. Both domestic and international arrivals have dropped to about 12 percent in the six months to June 2009 (Baumann, 2009: 2).

4.5 THE DOMESTIC TOURISM MARKET

The South African population travel within the country generating huge volumes and significant value. According to SAT (2009) 43.7 percent of South Africans undertake travel each year and on average domestic travellers take 2.8 trips per year. Domestic travellers generated a total of 36 million trips in 2007, compared to 9.1 million generated by foreign arrivals. In 2007, domestic tourists spent R 21.3 billion, compared to a total direct spend of R 60.1 billion spent by foreign tourists (SAT, 2009).

4.5.1 Domestic Holiday Travel

There is a clear indication that the holiday travel growth stand an opportunity to progress further. According to SAT (2009) 49 percent of all domestic trips originate from KZN and Gauteng. The holiday market is concentrated with 87 percent of contribution by four provinces (Gauteng, Western Cape, Eastern Cape and KZN). About 33 percent of the domestic tourism spend comes from Gauteng. The highest spenders per trip are from the Northern Cape, Gauteng and the Western Cape (SAT, 2009).

Domestic trips contribute 80 percent to total tourism in South Africa vis-à-vis 20 percent by foreign arrivals and their value share is 25 percent of the total
tourism revenue generated in South Africa. Holidays made up 6.1 million trips in 2007 (17 percent) and contributed 38 percent to the total domestic tourism spend (SAT, 2009). The domestic tourism activities present opportunities for small businesses. Entrepreneurs who own B&Bs and guest houses should be taking advantage of these activities.

4.6 THE EFFECT OF ECONOMIC DOWNTURN

In 2008, the South African tourism industry experienced decreases in arrivals of 6.5 percent from Europe and 4.6 percent from Central and South America. The statistics for the first ten months of 2008 showed a decrease in the month-on-month figures. The decline is attributed to the effects of the international economic crisis (Tourism to South Africa, 2009).

The current status of the South African tourism industry has not improved much. Tourism to South Africa is feeling the pinch of the global economic downturn. It is estimated that SA will drop 25 percent in tourism due to the economic downturn. Tourism to Africa is down as much as 30 percent across the board (Southern Africa Optimistic, 2009).

However, it is not all doom and gloom. The South African tourism industry is optimistic that the amount of sport taking place in the country over the next year will help boost the declining figures. Currently, most hotels at the 2009 Indaba travel trade show confirmed that they were already fully booked for the 2010 FIFA Soccer World Cup period (Southern Africa Optimistic, 2009).

4.7 ECONOMIC BENEFITS OF THE TOURISM INDUSTRY

Tourism plays a significant role in the SA economy. This is evident through its contribution to the GDP of the country.
4.7.1 Direct Revenue

The prospect of substantial tourism derived direct revenue has long been the most compelling incentive for destinations like South Africa to attract tourism activity. Fuelling this incentive is the tourism revenue reported since South Africa realised the benefits of tourism to the economic system (Weaver and Lawton, 2002: 240).

4.7.1.1 Taxation Revenue

Under the umbrella of direct revenue are tourism receipts which are levies such as departure tax, a fee paid by all departing inbound visitors. Governments regard taxes as an attractive form of revenue generation and one that costs very little to collect. Taxes are often hidden as part of a package arrangement of a good or service, so that the consumer is often unaware of their existence. Further, taxes can be increased substantially without bringing about a significant negative response from the tourist market. This is due to the fact that taxes usually comprise only a small portion of the overall trip expenditure (Weaver and Lawton, 2002: 243).

Tourists also generate taxation revenue through the purchase of goods and services subject to the value added tax (VAT) and other levies (Weaver and Lawton, 2002: 243).

4.7.2 Indirect Revenue

The economic impact of tourist expenditures on a destination does not end once the tourists have given their money to the supplier of a commercial tourist product. Rather, indirect revenues continue to be generated by the ongoing circulation of these expenditures within the economy of the destination (Weaver and Lawton, 2002: 246).
4.7.3 Employment

Destinations such as South Africa promote tourism for the sole reason of creating jobs for its citizens. Just how much employment tourism generates, however, is a subject of controversy (Weaver and Lawton, 2002: 250). The South African tourism industry created more than 940,000 jobs directly and indirectly in 2007, up by five percent compared to 2006 (Tourism to SA Still Growing, 2009).

4.7.4 Growth Potential

A commonly perceived benefit of tourism is its long term resilience and growth potential (Weaver and Lawton, 2002: 252). This is demonstrated by the pattern of almost continuous bids by South Africa to host big sporting events like 2010 FIFA Soccer World Cup, where a significant number of tourists are expected.

4.7.5 Formal and Informal Sectors

In considering the economic benefits that can be derived from tourism, governments within most destinations usually assume that these benefits are most efficiently achieved through a strong formal sector. Governments take a formal sector as a primary generator of wealth and as a primary indicator of the economic development. In contrast an unregulated informal sector is taken as external to the formal institutions of the society. This is due to the fact that the informal sector cannot be measured or regulated easily and it does not generate tax revenue for the government (Weaver and Lawton, 2002: 253).
4.8 CONCLUSION

In this chapter, the researcher presented a brief overview of the status of the tourism industry in South Africa.

In the next chapter the researcher presents the methodology of the study.
CHAPTER 5

RESEARCH METHODOLOGY

5.1 INTRODUCTION

The aim of this chapter is to provide an overview of the different types of research categories and present the research strategy for this research study.

5.2 BUSINESS RESEARCH

According to Collis and Hussey (2003: 1) there is uncertainty with regard to the conclusive definition of ‘research’. The authors attribute this to the fact that research means different things to different people. However from many different definitions offered in the literature, the authors claim that there appears to be an agreement that:

- research is a process of enquiry and investigation;
- it is a systematic and methodological;
- research increases knowledge.

According to Saunders, Lewis and Thornhill (1997: 1) business research involves undertaking systematic research to find out things about business. In this context ‘systematic’ suggest that the research is based on logical relationships and ‘to find out’ suggest a multiplicity of possible purposes for the research. Cavana, Delahaye and Sekaran (2001: 5) define business research as “an organised, systematic, data based, critical, objective, scientific inquiry or investigation into a specific problem or issue with the purpose of finding solutions to it or clarifying it”.

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5.3 RESEARCH CATEGORIES

Given the creative nature of human beings, it is not surprising that a variety of research methods have been suggested. A method is a systematic and orderly approach taken towards the collection and analysis of data so that information can be obtained from those data (Jankowicz, 2000: 209).

The various research methods can be clustered under two broad research categories: quantitative and qualitative (Cavana et al, 2001: 34). Quantitative and qualitative research categories are not mutually exclusive. In fact, a great deal of quantitative research has a qualitative component (Hackley, 2003: 73). According to Saunders et al (1997: 80) it is quite usual for a single study to combine quantitative and qualitative research methods.

There are two major advantages to employ multi-methods in the same study (Saunders et al, 1997: 80):

- first, different methods can be used for different purposes in a study, for example a researcher may wish to use case-study methods before embarking on a survey;
- secondly, using multi-methods enables triangulation to take place. Triangulation refers to the use of different data collection methods within one study.

5.3.1 Quantitative Research Category

Quantitative methods rely on the ability of the researcher to measure the phenomena under investigation and the use of statistics to analyse the raw data (Cavana et al, 2001: 12). Quantitative methods seek the facts or causes of social phenomena, with little regard to the subjective state of the individual (Collis and Hussey, 2003: 52). One important feature of quantitative methods is that the process of data collection becomes distinct from analysis (Easterby-Smith, Thorpe and Lowe, 1991: 116).
5.3.1.1 Methods Associated with Quantitative Research

- **Experimental Studies**

Experimental studies are associated with quantitative research. In this method, the researcher sets up a situation in which all variables can be controlled or varied at will. In essence, the researcher seeks to vary one of several independent variables whilst measuring the effect on the dependent variables, keeping intervening variables constant (Bennet, 1991: 97).

- **Surveys**

A survey is a quantitative methodology whereby a sample of subjects is drawn from a defined set of people or population to obtain information (Easterby-Smith et al, 1991: 122). This is the most widely adopted method in social sciences and management research. Surveys are cheaper, quicker and broader in coverage than most scientific experiments. However, they lack the richness and depth of meaning which can be generated from a case-study approach. Surveys rely on the accurate selection of the sample and the use of questionnaires and in-depth interviewing (Bennet, 1991: 95).

There are two major types of survey (Collis and Hussey, 2003: 66):

- A descriptive survey, concerned with identifying and counting the frequency of a specific population for comparison;
- The analytical survey, where the intention is to determine whether there is any relationship between different variables.

- **Longitudinal Studies**

A longitudinal research is often, but not always, associated with a quantitative research methodology. The main strength of longitudinal research is the capacity that it has to study change and development (Saunders et al, 1997: 77). Adams and Schvaneveldt (1991) cited by Saunders et al (1997: 77) point out that in observing people or events over time, the researcher is able to
exercise a measure of control over variables being studied, provided that they are not affected by the research process itself.

5.3.2 Qualitative Research Category

Qualitative research methods are aimed at understanding the rich, complex characteristic nature of human phenomena. Qualitative methods rely on the researcher being an instrument to gather and analyse the information (Cavana et al, 2001: 12). Qualitative methods are concerned with understanding human behaviour from the participant’s own frame of reference. This approach further stresses the subjective aspects of human activity by focusing on the meaning, rather than the measurement of social phenomena (Collis and Hussey, 2003: 53).

5.3.2.1 Methods Associated with Qualitative Research

- Ethnography

Ethnography is associated with qualitative research. It is considered as the most important informing traditions of interpretive research. It stems from anthropology, where it was developed to study indigenous populations. In research it is widely used to generate qualitative insights and to understand the phenomena from the point of view of the participants (Hackley, 2003: 127).

- Case Studies

The term ‘case-study’ refers to the fairly intensive examination of a single unit. Such a unit may be a person, a small group of people or a single company. Case-studies involve measuring and studying what is there and how it got there. It enables the researcher to explore, unravel and understand issues and relationships in a particular situation (Bennet, 1991: 94). The case-study approach has the considerable ability to generate answers to the question ‘Why?’ as well as ‘What?’ and ‘How?’ which turned to be questions addressed
more by the survey method (Robson, 1993: 44). Case studies are often described as exploratory studies used in areas where there are few theories or a deficient body of knowledge (Collis and Hussey, 2003: 68).

5.4 RELIABILITY AND VALIDITY OF MEASUREMENTS

According to Bless and Higson-Smith (1995: 130) poor measurements can lead to the researcher being unable to show that data accurately reflects the subject of research. For this reason it is important that researchers always evaluate the measures that they use. Blumberg, Cooper and Schindler (2008: 447) point out that reliability and validity are major criteria for evaluating a measurement tool.

5.4.1 Reliability

Reliability is concerned with the consistency of measures. It is the extent to which the observable measures that represent a theoretical concept are accurate and stable when used for the concept in several studies (Bless and Higson-Smith, 1995: 129). In simple terms, reliability has to do with the accuracy and precision of a measurement procedure (Blumberg et al, 2008: 447) in other words it is the consistency with which a measuring instrument performs (Leedy, 1997: 35).

5.4.2 Validity

Validity is concerned with just how accurately the observable measures actually represent the concept in question or whether, in fact, they represent something else (Bless and Higson-Smith, 1995: 135). It refers to the extent to which a test measures what is intended to be measured (Blumberg et al, 2008: 447). According to Leedy (1997: 32) it is concerned with the soundness, the effectiveness, of the measuring instrument.
5.5 THE RESEARCH STRATEGY

A single case study approach will be used to address the main problem statement:

To develop a strategic entrepreneurial model to enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry

And sub-problems:

1. The identification of an entrepreneurial process model;

2. The evaluation of selected female owned business against the model;

3. The identification of characteristics and requirements of a sustainable B&B business;

4. The integration of results obtained from sub-problem two and three to develop a strategic entrepreneurial model that will enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry.

The choice of the case study research strategy is informed by the desire to understand the complex challenging developments faced by female entrepreneurs operating in the tourism industry.

In addressing the main problem, the objectives of the empirical investigation are:

- The identification of an entrepreneurial process model from the literature;
- The evaluation of selected female owned business against this model;
The development of a strategic entrepreneurial model to promote sustainability of female owned B&B businesses.

According to Yin (2003: 2) the case study method allows researchers to retain holistic and meaningful characteristics of real life events such as organisational and managerial processes and maturation of industries. Almost any phenomenon can be examined by means of the case study method. Case studies are conducted to shed light on a phenomenon, be it a process, event, person, or object of interest to the researcher (Leedy, 1997: 157). Researchers generally do case studies for one of three purposes (Gall, Borg and Gall, 1996: 549):

- to produce detailed description of a phenomenon;
- to develop possible explanations of it;
- or, to evaluate the phenomenon.

The main advantage of case studies compared to other approaches is that they permit combination of different sources of data such as interviews, documents, archives and observation (Blumberg et al, 2008: 377).

5.5.1 Data Collection Technique

The interview provides a unique opportunity to uncover rich and complex information from an individual. The face-to-face interactive process can, under the guidance of an experienced interviewer, encourage the interviewee to share intrinsic opinions (Cavana et al, 2001: 138).

The data collection technique for this research is a personal interview. This choice will allow the researcher the line of enquiry as reflected by the following case study protocol and to ask questions that serves the needs of the research study.
5.5.2 The Case Study Protocol

According to Yin (2003: 67) the case study protocol is a major way of increasing the reliability of case study research and is intended to guide the researcher in carrying out the data collection from a single case study. More importantly the case study protocol (Yin, 2003: 69):

- keeps the researcher targeted on the subject of the case study;
- and forces the researcher to anticipate several problems, including the way case study reports are to be completed.

The latter means, for instance that the researcher will have to identify the audience for the case study report even before the case study is conducted. Such forethought helps to avoid disastrous outcomes in the long run.

5.5.2.1 Protocol Development

The researcher will be guided by the following protocol in line with the case study research approach:

a. Presentation of the purpose of the study;
b. Presentation of the main research problem and the objectives of the study;
c. Presentation of research questions;
d. Closure;
e. Evaluation and analysis of results.

5.6 THE CASE STUDY

The case study selected for the analysis is about a Port Elizabeth based female entrepreneur operating a B&B business in the tourism industry.

The reason for the selection of this case study is motivated by the fact that it is owned and operated by a female entrepreneur who has been in business
for more than two years. According to Adhikary et al (1999: 59) cited by Van der Merwe (2003: 34) a successful women entrepreneur must have been in business for longer than two years, operate an enterprise with more than five employees and less than thirty, make profit and has expanded in terms of infrastructure and growth.

Refer to annexure A for case study questions. The development of the case study questions has been informed by literature review, with the aim of addressing the main problem.

5.7 CONCLUSION

This chapter defined business research and presented various research categories. A single case study research strategy was chosen in order to address the main problem.

The case study protocol was also developed with the aim of increasing the reliability of case study research (Yin, 2003: 67) and guides the researcher in carrying out the data collection.

The next chapter will report on the answers of the case study questions presented in annexure A.
CHAPTER 6

CASE STUDY: LALALAH B&B

6.1 INTRODUCTION

This chapter will report on the results of a case study undertaken on the Lalalah B&B situated in Summerstrand Port Elizabeth. On the 05 September 2009 an interview was held with the owner of the Lalalah B&B, Miss Ndileka Mfunda. The interview explored the development of the Lalalah B&B by addressing the case study questions listed in annexure A.

The interview was conducted according to the case study protocol presented in 5.5.2.1 of the previous chapter.

6.2 THE CASE STUDY

6.2.1 Presentation of the purpose of the study

The interview commenced with an explanation by the interviewer that the case study is the treatise component for the partial fulfilment of a Masters Degree in Business Administration at the Nelson Mandela Metropolitan University Business School.

The interviewer further explained to the interviewee that Lalalah B&B was selected based on the fact that it was solely operated by a female entrepreneur. The sole purpose of the study was explained as:

To develop a strategic entrepreneurial model to enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry
The sub problems were discussed with the interviewee. More emphasis was put on sub problem 1, 2 and 3 as presented in the previous chapter. The reason for the latter was the fact that case study questions were informed by the entrepreneurial process model identified in the literature review.

The interviewer briefly took the interviewee through the literature findings.

6.2.2 Presentation of Case Study Questions

OPPORTUNITY

i. What prompted or motivated you to pursue a B&B business?

The interviewee stated that the decision to open a B&B business was informed by opportunities that presented themselves as the tourism industry was undergoing transformation and attracting female entrepreneurs. According to Ndileka, various government institutions such as the department of trade and industry (DTI), offered attractive incentive packages to prospective entrepreneurs who wanted to do business in the tourism sector.

ii. What convinced you that a B&B business was a viable business?

Ndileka stated that during the time of this idea, there were many economic activities that warranted a sustainable boom in the tourism sector. She said activities such as the preparation for the 2010 world cup, the building of a new soccer stadium and the growing numbers of business related visits in Port Elizabeth convinced her to believe that a B&B business was a viable idea.

The interviewee also stated that through the evaluation of her assets, she realised that a B&B business was a viable option. At that time her assets included a house in a reputable suburb of Summerstrand. She also felt that the house was in the good area to conduct such business.
iii. What specific challenges did you face at the beginning of your business career and how did you deal with them?

The interviewee stated that her biggest challenge was raising finance to renovate the property to acceptable standard. This would have given the B&B business a three star grading. She explained that financial institutions rejected her application for finance without stating any valid reasons. She said another biggest concern for her was the fact that financial institutions took too long to respond to an application. She admitted that she ended up not getting the financial support she required. This obliged her to use her own savings and home assets to upgrade the business into an operational state.

The interviewee further mentioned that obtaining a trading licence was a challenge. She said the process was cumbersome and she had to comply to stringent policies in order to obtain a trading licence.

Ndileka explained that she found it difficult to access the target market. She attributed the latter to the lack of industry knowledge. She stated that in order to operate successfully one needed to be a member of a B&B association. This would have made it simple to understand the tourism industry in the perspective of a B&B owner. She stated that because she was not a part of an association it was difficult for her to create business networks.

Being new in the industry, she was obliged to exercise relaxed policies in order to win customers. This turned to be a challenge because customers started conducting business unprofessionally by booking and not showing up knowing that there won’t be any penalties.
RESOURCES

i. How did you go about identifying essential resources for your business?

Ndileka stated that she knew exactly what essential resources she needed for her B&B business. She said a financial resource was priority number one for her because she believed that without this resource, it was going to be difficult to obtain operational, technological and human resources. She maintained that the difficulty she witnessed when trying to obtain finance forced her to rely on her own capital.

ii. How did you go about securing financial, operating, human and technological resources?

The interviewee explained that she secured property by using a mortgage bond. However she had difficulty securing finance to renovate the property to a B&B standard she anticipated and therefore she used her own capital to achieve the latter as well as buying the equipment.

She admitted that technological resources were a bit of a challenge for her. This was because she was not actually familiar with what visitors would need with regards to technology. Nevertheless, she said she secured the telephone system, fax and the printer. She soon learned that visitors wanted internet access and therefore she provided internet ports.

She mentioned that securing personnel for the business was not easy and therefore she had to participate full time in all aspects of the B&B operation. She said she maintained to secure a part time chef and helpers as well as suppliers of perishables.
iii. What do you consider to be the skills required to operate a sustainable and successful B&B business?

According to Ndileka, a B&B business needs someone who is passionate about serving people. She stated that good personality, communication skills, administration skills, financial skills and conforming to high hygiene standards will help entrepreneurs run sustainable and successful B&B businesses.

LEAD ENTREPRENEUR

i. What motivates you as an entrepreneur?

She explained that the following motivates her as an entrepreneur:

- Creating opportunities and jobs for poor South Africans to allow them to participate in the economy;
- Building wealth for generations to come;
- Contribute to the business community;
- Taking risks and identifying gaps in the market.

ii. What entrepreneurial characteristics do you have?

She mentioned the following entrepreneurial characteristics:

- Passion for business;
- Knowledgeable and experienced;
- Risk taker to unleash hidden potential;
- Female and confident;
- Obsessed with achievement;
- Learning from mistakes.
iii. What entrepreneurial characteristics do you think must be possessed by a potential entrepreneur willing to operate a sustainable and successful B&B business?

She mentioned the following entrepreneurial characteristics:

- Perseverance;
- Focus to achieving goals;
- Outgoing personality;
- Not afraid to market yourself;
- Good image.

iv. What kind of a support structure do you think a female entrepreneur require to operate a sustainable and successful B&B business?

She stated that family support is of utmost importance to a female entrepreneur. She attributed the latter to the fact that women are usually taking care of the children most of the time and therefore an understanding spouse will be a pillar of strength. She further explained that sometimes you need someone to think with you when it comes to the business and family can play an important role in this regard.

She also said a female entrepreneur operating a B&B would need to belong to a B&B association so that she can get support and advice if necessary. She continued to explain that building a good relationship with travel agencies will also help because travel agencies conduct bookings for many different people as well as various companies.

She further maintained that good financial structure cannot be ignored as a pillar of support to a sustainable B&B business.
v. What do you consider to be the requirements of a successful B&B business?

She said according to her view, the following points are the requirements of a successful B&B business?

- The business must be well managed;
- The business must be well resourced;
- The business must maintain high standards in terms of hygiene, the furniture, meals, services and surroundings;
- The business owner must strive not to resemble certain affiliations with regards to a political party, race, sport or a specific belief. In other words there should be neutral themes.

vi. What would you do differently if you had to start a B&B business again?

Ndileka stated that she will make sure that the business is well resourced and not operated on a shoe string budget. She further mentioned that she will conduct proper research in the tourism industry and establish business networks to form a good foundation.

vii. What advice would you give a potential entrepreneur willing to start a B&B business?

According to Ndileka a potential entrepreneur willing to start a B&B business need to conform to the following points:

- Ensure adequate knowledge of the business and the industry;
- Ensure the availability and accessibility of financial, operational, technological and human resources;
- Ensure good communication skills, good personality, good financial skills and perseverance.
6.2.3 Closure

The interview closed with the interviewer thanking Miss Ndileka Mfunda for her time and contribution. The interviewer confirmed that the findings of the study will be shared with Miss Ndileka Mfunda.

6.3 CONCLUSION

In this chapter the responses from Lalalah B&B owner Miss Ndileka Mfunda were presented as per the case study questions listed in annexure A.

The next chapter will summarise the responses to the case study questions, draw conclusions based on the literature findings and then provide a strategic entrepreneurial model that will enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry.
CHAPTER 7

EVALUATION AND ANALYSIS OF RESULTS

7.1 INTRODUCTION

This chapter will summarise the responses to the case study questions and align them to literature findings.

7.2 THE SUMMARY OF THE CASE STUDY RESULTS AND ANALYSIS

OPPORTUNITY

i. What prompted or motivated you to pursue a B&B business?

a. The opportunities that arose as a result of the tourism sector undergoing transformation.

b. The fact that government institutions offered to support emerging entrepreneurs in the tourism sector.

The literature (refer 2.5, Kuratko and Hodgetts, 2007: 33) shows that being at the right place at the right time is always an advantage. Prepared entrepreneurs who seize the opportunity when it arises often seem lucky. These entrepreneurs are simply better prepared to deal with the situations and turn them into success. Therefore, what appears to be luck really is desire, knowledge and innovativeness.

At the heart of the entrepreneurship is the creation and recognition of opportunities (refer 2.3, Timmons and Spinelli, 2007: 79) followed by the will and initiative to seize these opportunities in a calculated fashion in order to balance the risk with potential reward.
Entrepreneurs recognise opportunities and take initiative to exploit them (refer 2.4, Barrow, 1993: 14). An entrepreneur refers an opportunity in the market (refer 2.4, Nieuwenhuizen, 2003: 9) gathers resources and creates and grows a business venture to meet these needs.

Miss Mfunda recognised opportunities that arose as a result of changes in the tourism sector. An entrepreneur is responsible for scanning the business landscape (refer 2.6.1.1, Nieuwenhuizen, 2003: 20) for unexploited opportunities.

ii. What convinced you that a B&B business was a viable opportunity?

a. Economic activities that warranted a sustainable boom in the tourism sector such as the preparation for the 2010 soccer world cup and the growing numbers of business related visits in Port Elizabeth.

b. The property in the reputable suburb of Summerstrand.

The literature states that (refer 2.6.1.1, Timmons and Spinelli, 2007: 90) successful entrepreneurs have an ability to understand that a good idea is not necessarily a good opportunity. An opportunity can be understood by first focusing on activities in the market. After the identification of these activities, an entrepreneur can develop a service concept.

Lalalah B&B operated on the bases of the recognition of an opportunity by the lead entrepreneur Miss Mfunda. The foundation and viability (refer 2.6.1.1, Nieuwenhuizen, 2003: 20) of the opportunity anchored on tangible economic activities that warranted sustainable opportunities in the tourism sector.

The growing numbers of business related visits (refer 4.3.2, DEAT: 2008) in Port Elizabeth formed the evidence of an in-depth investigation with regards to the viability of this opportunity (refer 4.5.1, SAT: 2009).
iii. What specific challenges did you face at the beginning of your business career and how did you deal with them?

a. *The biggest challenge was raising finance to renovate the property to acceptable standard;*

b. *Application for finance rejected without any valid reason;*

c. *Obtaining a trading licence was a challenge;*

d. *Accessing the target market;*

e. *The lack of industry knowledge.*

Starting and owning a business involves considerable risks and effort for entrepreneurs. The risk is usually greater for women entrepreneurs. Women face specific barriers as illustrated in the literature (refer 3.7.1, Van der Merwe, 2003: 35-36), among these barriers are:

- Lack of support;
- Personal difficulties;
- Gender discrimination;
- Limited access to financial resources;
- Negative prevailing sociocultural attitudes.

Women often suffer from low credibility when dealing with the various stakeholders associated with their business, such as suppliers, customers and bankers. Other barriers range from self confidence, assertiveness, and self-motivation, reliability and communication skills.

Entrepreneurs in South Africa face unique challenges with regard to their gender (refer 3.3, International Entrepreneurship [IE]: 2009) in this regard women entrepreneurs when compared to their male counterparts are heavily subjected to barriers that create an un-conducive business environment.
Access to financial resources is limited due to poverty, lack of business skills, and lack of overall resources.

RESOURCES

i. How did you go about identifying and securing essential resources such as financial, operating, human and technological resources for your B&B business?

a. Financial resource was priority number one because without this resource, it was going to be difficult to obtain operational, technological and human resources.

b. Part of the business financed by own capital;

c. Secured property by using a mortgage bond;

d. Used her capital to renovate the property to a B&B standard;

e. Secured a part time chef and helpers as well as suppliers of perishables.

According to the literature (refer 2.6.1.2, Bygrave and Zacharakis, 2004: 18, refer 2.6.1.2, Van Aardt et al, 2008: 122) to determine the amount of capital that a company needs to get started an entrepreneur must determine the minimum set of essential resources. The first thing that an entrepreneur should do is to assess what resources are crucial for the company’s success in the market-place. Once this is done, an entrepreneur will be able to determine where he or she should put a disproportionate share of scarce resources. Resources play a very important role creation of a successful new business venture.
ii. What do you consider to be the skills required to operate a sustainable and successful B&B business?

   a. **Passionate about serving people**;

   b. **Perseverance, good personality, communication skills, administration skills, financial skills and conforming to high hygiene standards**.

The literature illustrate that (refer 2.4.2, Allen, 2003: 10, 2.6.1.1, Timmons and Spinelli, 2007: 19, 2.6.1.3 & Timmons and Spinelli, 2007: 91) entrepreneurs are naturally driven to make things happen and are not generally daunted by failure but tend to persevere until they succeed. The making of an entrepreneur occurs by accumulating relevant skills, know how, experiences, and contacts over a period of years and include large doses of self development. A high potential venture requires interpersonal skills to foster communications and team building.

**LEAD ENTREPRENEUR**

i. What motivates you as an entrepreneur?

   a. **Creating opportunities and jobs for poor South Africans to allow them to participate in the economy**;

   b. **Independence**;

   c. **Building wealth for generations to come**;

   d. **Seeing success of her efforts**;

   e. **Witnessing customer satisfaction**;

   f. **Taking risks and identifying gaps in the market**.
The literature reveal that (refer 2.4.2, Allen, 2003: 10) to entrepreneurs the exploitation of an opportunity provides a stimulating and motivating environment for achievement. Entrepreneurs tend to have a high desire to be personally responsible for solving problems and setting and reaching goals. This means they have a need for achievement. They are also innately driven and motivated to make things happen and are not generally daunted by failure but tend to persevere until they succeed.

Entrepreneurs seem to purposely seek independence by being their own boss. This allows them to assume a higher degree of personal responsibility for their decisions and achievements. This need of independence often makes it difficult for entrepreneurs to delegate authority. The latter is often referred to as the dark side of entrepreneurs.

ii. What entrepreneurial characteristics do you have?

a. Passion for business;

b. Knowledgeable and experienced;

c. Risk taker to unleash hidden potential;

d. Female and confident;

e. Obsessed with achievement;

f. Learner.

The literature illustrate that (refer 2.4.2, Zimmerer and Scarborough, 1996: 6, Allen, 2003: 10 and Timmons and Spinelli, 2007: 6) there are specific characteristics or qualities that entrepreneurs possess. One theme consistently appearing in research to identify the characteristics of entrepreneurs is the importance of what they do, not personality traits they
might or might not possess. The new business requires a lead entrepreneur with specific characteristics (refer 2.6.1.3, Timmons and Spinelli, 2007: 91).

Not all entrepreneurs have the same characteristics or qualities. Some comparison can be drawn between male and female entrepreneurial characteristics (refer 3.7.3, Van der Merwe, 2003: 37).

The type of work and skills gained in the work place contributes immensely to an individual's entrepreneurial orientation (refer 3.2.3, Nieuwenhuizen, 2003: 12). Entrepreneurs often gain experience as employees and then apply the knowledge, skills and experience gained in employment in their own businesses.

The consensus of the research on risk-taking in entrepreneurs is that they are not big risk takers (refer Wickham, 2004: 150). Instead they are moderate calculated risk takers who define the risks inherent in any venture and continuously attempt to minimise them or manage them while focused on opportunity. Not being a big risk taker is certainly not a deterrent to entrepreneurship.

iii. What entrepreneurial characteristics do you think must be possessed by a potential entrepreneur willing to operate a sustainable and successful B&B business?

a. Perseverance;

b. Focus to achieving goals;

c. Outgoing personality;

d. Not afraid to market self;

e. Good image.
The motivation for entrepreneurial activities is to make profits (refer 2.3, Nieuwenhuizen, 2003: 9). Entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced (refer 2.3, Timmons and Spinelli, 2007: 79). Entrepreneurship is behaviour characteristic (refer 2.4, Barrow, 1993: 14) than a personal trait, which explains why the ‘typical’ entrepreneur is difficult to describe.

iv. What kind of a support structure do you think a female entrepreneur require to operate a sustainable and successful B&B business?

a. Family support if of utmost importance to a female entrepreneur;

b. Belonging to a B&B association;

c. Building a good relationship with travel agencies;

d. Good financial structure.

An entrepreneur can obtain support (refer 3.6, Van Aardt et al, 2008: 42) from a wide range of individuals and institutions. The sources of support that are available to entrepreneurs are divided into categories. The personal support system (refer 3.6.1, Van Aardt et al, 2008: 42) provides a personal safety net for an entrepreneur. Institutional sources of support (refer 3.6.2, Diale, 2009) provide valuable support with regard to training, providing ideas and interacting with some other businesses. Professional sources of support such as lawyers, consultants and accountants can be valuable to an entrepreneur (refer 3.6.3, Van Aardt et al, 2008: 49). Financial sources of support assist entrepreneurs in a variety of ways (refer 3.6.4, Van Aardt et al, 2008: 51).
v. What do you consider to be the requirements of a successful B&B business?

a. The business must be well managed;

b. The business must be well resourced;

c. The business must maintain high standards in terms of hygiene, the furniture, meals, services and surroundings;

d. The business owner must strive not to resemble certain affiliations with regards to a political party, race, sport or a specific belief. In other words there should be neutral themes.

The entrepreneurial team (refer 2.6.1.3, Timmons and Spinelli, 2007: 91) is a key to the success of a higher potential venture. A lead entrepreneur with ability to lead and communicate effectively can build an effective entrepreneurial team.

The first thing that an entrepreneur should do is to assess what resources are crucial for the company’s success in the market-place (refer 2.6.1.2, Bygrave and Zacharakis, 2004: 18).

viii. What advice would you give a potential entrepreneur willing to start a B&B business?

a. Ensure adequate knowledge of the business and the industry;

b. Ensure the availability and accessibility of financial, operational, technological and human resources;

c. Ensure good communication skills, good personality, good financial skills, good interpersonal skills and perseverance;
d. *Establish business networks.*

The above points have already been addressed. They form the bases of running a sustainable business.

### 7.3 CONCLUSION

This chapter summarised and aligned case study responses with the theory. The next chapter will present the strategic entrepreneurial model as per the main problem of the study.
CHAPTER 8

CONCLUSION AND RECOMMENDATIONS

8.1 INTRODUCTION

This chapter will present the strategic entrepreneurial model as per the main problem statement of the study. The model will be constructed based on the data sourced from the literature review and the case study conducted on the Lalalah B&B owner Miss Ndileka Mfunda.

8.2 THE STRATEGIC ENTREPRENEURIAL MODEL

The main problem statement of the study was:

To develop a strategic entrepreneurial model to enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry.

The following entrepreneurial model addresses the main problem statement:

Figure 8.1: The strategic entrepreneurial model
8.2.1 Lead Entrepreneur

This entrepreneurial model stipulates that an entrepreneur with knowledge, skills and experience can positively influence the entrepreneurial process that lead to the establishment of a sustainable business.

Knowledge is defined by the Oxford English Dictionary as (i) expertise, and skills acquired by a person through experience or education; the theoretical or
practical understanding of a subject, (ii) what is known in a particular field or in total; facts and information or (iii) awareness or familiarity gained by experience of a fact or situation. The term *knowledge* is also used to mean the confident understanding of a subject with the ability to use it for a specific purpose if appropriate (Wikipedia: 2009).

Skills form an important part of the journey towards achieving sustainable business with regards to the lead entrepreneur and the team. According to the responses obtained from the case study, there are specific skills that entrepreneurs must possess in order to operate a sustainable B&B business and they are as follows:

- Communication skills;
- Administration skills;
- Financial skills;
- Interpersonal skills.

In absence of the right skills that are deemed necessary for the success of the business, an entrepreneur can form a team with the correct skills. An entrepreneur can also obtain skills through attending various relevant courses.

With regards to the model under scrutiny, a skilled entrepreneur exerts a positive influence toward the achievement of a sustainable business.

The type of work and skills gained in the work place contributes immensely to an individual's entrepreneurial orientation (see 3.2.1, Nieuwenhuizen, 2003: 12). Entrepreneurs often gain experience as employees and then apply the knowledge, skills and experience gained in employment in their own businesses.

An entrepreneur with necessary knowledge, skills and experience can lay a good foundation for the realisation of a sustainable business.

The effort towards seeking a genuine opportunity is influenced by the characteristics of the entrepreneur (see 2.4.2). Knowledge, skills and
experience is not a prerequisite to seeking a genuine opportunity. Entrepreneurial characteristics play a major role in this regard. Passion and motivation can be considered as entrepreneurial characteristics that justify the effort towards seeking a genuine opportunity. Therefore, the model stipulates that a prospective entrepreneur should be passionate and motivated in order to seek a genuine opportunity. The latter is due to the fact that there are inherent challenges (see 3.3, 3.7.1 and the case study responses) with regards to the business start-ups and entrepreneurs who are passionate and motivated stand a good chance of overcoming these challenges.

8.2.2 Genuine Opportunity

The route towards the realisation of a genuine opportunity begins by scanning the business environment in order to spot a gap that needs to be filled (see 2.3 – 2.5, 2.6.1.1 and case the study responses).

The model advises that for an opportunity to be deemed genuine, an entrepreneur need to conduct the feasibility and the viability study. The feasibility study refers to the examination of the potential of the idea to be converted into a business opportunity. The primary focus than lies with the ability of the entrepreneur to pursue the idea and try to align his or her skills with what is required. The viability study refers to an in-depth investigation into the potential of the idea to be converted into a new business venture. In this case the focus is more on the market and profit potential of the idea (Nieuwenhuizen, 2003: 20).

When the entrepreneur is confident that the evaluation of the perceived opportunity is complete, the combined outcomes of the evaluation process will provide the substance needed to complete a business plan.
8.2.3 Resources

One of the primary functions of a prospective entrepreneur is to assess what resources (see 2.6.1.2) are crucial for the company’s success in the marketplace. In the model, the availability of necessary adequate resources is of utmost importance. The responses from the case study reveal that obtaining a financial resource is the biggest challenge especially for prospective female entrepreneurs. The bidirectional arrow between the genuine opportunity and resources in the model, clearly stipulate that a realistic business plan can be an answer to the constant failure in obtaining finance. Knowledge, skill and experience play an important role with regards to the latter.

The case study responses further reveal that in attaining a sustainable business, an entrepreneur need to establish business networks. In the case of a B&B business, one needs to join the B&B association and develop good networks with potential suppliers of business such as travel agencies (see case study responses). To achieve the latter an entrepreneur need to exercise his or her communication skills.

The establishment of a competent entrepreneurial team (see 2.6.1.3) to guard the operations of the business is also very important. In this instance the lead entrepreneur need to exercise his or her skills and knowledge to assemble a competent entrepreneurial team. The entrepreneurial team is a key to the success of a business. Teams should be formed and led by a capable lead entrepreneur, because the lead entrepreneur will always be central to the team as both player and coach.

8.2.4 Sustainable Business

The achievement of a sustainable business is the ultimate result of the accurate execution of the strategic entrepreneurial model under scrutiny.
8.3 CONCLUSION

The purpose of the study was to:

To develop a strategic entrepreneurial model to enable female entrepreneurs to operate sustainable B&B businesses in the tourism industry

The design of the model is attributed to the literature review and the case study research.

8.4 RECOMMENDATIONS FOR FURTHER RESEARCH

Based on the information that surfaced during this study, the following suggestions are put forward for consideration regarding future research:

- The role of financial institutions in hindering the progress of prospective African female entrepreneurs in the tourism sector;
- An investigation to the effectiveness of provincial government institutions tasked to promote effective participation of female entrepreneurs in the tourism sector;
- An investigation to the practical and effective methods of marketing B&B businesses.
REFERENCE LIST


ANNEXURE A

The Case Study questions

OPPORTUNITY

i. What prompted or motivated you to pursue a B&B business?
ii. What convinced you that a B&B business was a viable opportunity?
iii. What specific challenges did you face at the beginning of your business career and how did you deal with them?

RESOURCES

i. How did you go about identifying and securing essential resources such as financial, operating, human and technological resources for your B&B business?
ii. What do you consider to be the skills required to operate a sustainable and successful B&B business?

LEAD ENTREPRENEUR

i. What motivates you as an entrepreneur?
ii. What entrepreneurial characteristics do you have?
iii. What entrepreneurial characteristics do you think must be possessed by a potential entrepreneur willing to operate a sustainable and successful B&B business?
iv. What kind of a support structure do you think a female entrepreneur require to operate a sustainable and successful B&B business?
v. What do you consider to be the requirements of a successful B&B business?
vi. What advice would you give a potential entrepreneur willing to start a B&B business?