

Kaisu Luukkonen

**STARTING A TOURISM COMPANY IN GAMBIA**

Case Company Jäälin Palvelupiste Ky

## **STARTING A TOURISM COMPANY IN GAMBIA**

Case Company Jäälin Palvelupiste Ky

Kaisu Luukkonen  
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## TIIVISTELMÄ

Oulun ammattikorkeakoulu  
Liiketalouden koulutusohjelma

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Uusille markkinoille etabloituminen vaatii yrityksiltä paljon valmisteluja ja taustatyötä. Kohdeyrityksen tavoitteena on perustaa Gambiaan matkailualan yritys ja tämän opinnäytetyön on tarkoitus toimia oppaana siinä prosessissa. Tämän toiminnallisen opinnäytetyön teoreettinen perusta on hankittu luotettavista kirjallisista primaari- ja sekundaarilähteistä. Lisäksi taustatietoja on kerätty sähköisistä lähteistä. Teorian syventämiseksi sekä käytännön prosessien työkaluiksi on ajankohtaista kohde- ja taustatietoa kerätty usealta taholta teemahaastatteluilla sekä kyselyillä.

Opinnäytetyö on rakennettu vetoketjumallin mukaan, jolloin teoria ja käytäntö keskustelevat keskenään. Työn alkuosa perehtyy lähtökohta-analyysiin sekä ymmärtämään Gambiaa markkinana ja toimintaympäristönä. Tarkoituksena on selvittää, minkälainen Gambian toimintaympäristö on sekä lisäämään ymmärrystä Gambiaa kohtaan potentiaalisena kohdemaana matkailuyrityksen perustamiseen. Primääritavoitteen lisäksi tarkoituksena on, että myös muut suomalaiset yritykset voivat käyttää tätä työtä oppaana yrityksen perustamisessa tai investoinneissa Gambiaan. Opinnäytetyö on rajattu koskemaan matkailuyritystä, mutta teoriaosuutta ja käytännön ohjeita voi soveltaa kaikille aloille ja hyödyntää siten taustatyökaluna. Työn loppuosa keskittyy riskien kartoittamiseen ja hallintaan sekä kriittisten menestystekijöiden hahmottamiseen hotellialalla.

Aikataulu on muuttunut prosessin aikana, koska joitakin haastateltavista ei ole tavoitettu. Haastateltavat ovat olleet matkailu- ja yritysalan ammattihenkilöitä ja haastattelut on suoritettu kyselyillä sähköpostitse ja teemahaastatteluina puhelimitse sekä Skypen välityksellä. Haastattelujen kohteena ovat olleet kohdeyrityksen kaksi edustajaa, matkailualan yritys, suurlähetystön edustaja sekä gambialainen johtaja. Kerätyn tiedon ja teoreettisen viitekehyksen avulla Gambiaa on tarkasteltu eri analyysein. Niiden perusteella voidaan todeta, että Gambia on potentiaalinen kohde matkailuyrityksen perustamiselle. Vaikka maa on varsin köyhä ja on hallintomuodoltaan diktatuuri, on uskottavaa, että maata halutaan kehittää myös osittain demokratian keinoin. Turismi on tärkeä ja kehittyvä elinkeino, jota tuetaan eri kannustimin. Ulkomaalaisten investointeja ja omistusta suojellaan lainsäädännön keinoin, joilla pyritään takaamaan, ettei ulkomaisten omaisuutta takavarikoida valtiolle. Kannustimena tarjotaan muun muassa erilaisia verovapautuksia sekä luovutetaan tonttimaata ilmaiseksi. Maan byrokrania on raskas ja monimutkainen ja korruptio asettaa suuria haasteita varsinkin ulkomaalaisille toimijoille. Maan hallituksen turismin kehittämistä ohjaava elin pyrkii neuvomaan ja auttamaan toiminnassa. Samalla halutaan taata ulkomaalaisille yrittäjille samanarvoinen kohtelu.

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Asiasanat: liiketoimintaympäristö, lähtökohta-analyysi, kilpailu, kysyntä, kriittiset menestystekijät

## ABSTRACT

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Gambia is a diverse and exciting new market. The establishment of a company on a new market requires plenty of planning and background information. The commissioning company plans to start a hotel business in Gambia and the primary purpose of this thesis is to serve as a guide in that process. The research has been carried out as a case study. The empirical part is based on well-known and reliable primary and secondary printed sources. Electronic sources have been used to supplement the information. To deepen the understanding of the theory and to aid in the practice has practical information been gathered from various sources by questionnaires and theme interviews.

The structure of the thesis is built as a zipper model, where theory and practice are combined in a discussion. The first part of the thesis focuses on the starting point analyses and offers more insight of Gambia as a market and operating environment. The purpose is to evaluate what the Gambian environment is like and to deepen the understanding of Gambia as a potential location for a travelling company. The secondary purpose is to offer tools for other Finnish companies that want to enter the Gambian market. The thesis has been narrowed down to focus on the tourism industry, but the theoretic part and practical advice can be used in any field of business. The end of the thesis focuses on the risks involving the business operations in Gambia and on the critical success factors in the hotel business.

The schedule has been changed during the process due to difficulties reaching all interviewees. All parties interviewed have been professionals within the tourism and business branches. The interviews have been carried out as questionnaires via E-mail or theme interviews by telephone or Skype. The interviewees have been two representatives of the commissioning company, a representative of a tour operator, the Finnish-Gambian ambassador and a Gambian director. The theoretic and practical data has been analyzed from different views. According to the gathered data is Gambia a potential location for a hotel business. All though the country is poor and is a dictatorship, is it believable that the government wants to develop the country further partly by democratic means. As the tourism industry is very important, the government tries to enhance its development with different inducements. Start-up companies are offered tax exemptions for a certain period and building land is given by the government. The ownership of foreigners are protected with legislation, which promises that the property will not be expropriated by the government. The bureaucracy is complicated and the corruption sets challenges especially for foreigners. The governmental tourism development agency provides advice and help in the process. At the same time the official wants to guarantee that the foreign investors are treated equally to the Gambians.

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Keywords: Business environment, starting point analysis, competition, demand, critical success factor

## TABLE OF CONTENTS

1	INTRODUCTION .....	6
2	GAMBIA IN A NUT SHELL.....	9
2.1	History and politics.....	9
2.2	Geography and infrastructure .....	10
2.3	Livelihood and Economy .....	11
2.4	Culture and business etiquette.....	14
2.5	Gambia in numbers.....	16
3	THE STARTING POINT ANALYSES .....	18
3.1	Company analysis .....	19
3.2	Competitor analysis .....	28
3.3	Market and Demand analysis .....	37
3.4	Environmental analysis .....	41
3.4.1	PESTEL analysis.....	42
3.4.2	Conclusions .....	47
3.5	Summary of the starting point analyses.....	51
4	RISK ANALYSIS .....	53
5	CRITICAL SUCCESS FACTOR (CSF).....	64
6	SUMMARY ANALYSIS .....	71
7	CONCLUSIONS.....	75
8	REFLECTIONS: .....	80
	REFERENCES .....	83
	APPENDICES .....	89

## 1 INTRODUCTION

The main purpose of this thesis is to serve as a guide for the commissioning company. Secondly it can serve as a guide for other Finnish companies that has plans to enter the Gambian market or wants to invest there. The topic of this thesis is very timely, as the commissioning company has plans to start a hotel business in Gambia. All though the company already has founded two companies in Gambia, the hotel business has its own challenges. To help the planning and decision making, it is essential to analyze the Gambian environment in the tourism branch by analysing its possibilities, threats and opportunities. Furthermore the author hopes to increase the understanding for Gambia as a potential market in the tourism industry.

As the company already has got connections in Gambia, the thesis has partly been carried out as a case study. The primary source should have been the contact in Gambia: Mr. Musa Bah, Director of Investment Promotion & Facilitation Gambia at the Investment & Export Promotion Agency in Banjul. He is a representative of the Gambian government and would therefore have unique information of the country, its development and sources of livelihood. He would also have had knowledge of the process of starting a business there as a foreigner. Unfortunately the plans had to be changed in the last minute as Mr. Musa Bah could not be reached. Other useful sources should have been a representative of the Finnish-Gambian association and a Gambian entrepreneur with experience from both the Finnish and Gambian markets. The Finnish-Gambian association is based as a help organization for Gambian citizens in Finland and could therefore provide unique information concerning the culture, people, religion, habits and customs. The Gambian entrepreneur lives in Turku and operates both there and in Gambia and could have supplied vital information about starting and running a business in Gambia, as well as employing personnel and taxation issues. In both cases the author was unable to reach any persons for an interview. The commissioning company has, however, a country director for their operating companies in Gambia. Mr Salomon Bojang has been a great asset, providing valuable information and providing formulas from the authorities. Therefore, the primary sources interviewed have been the commissioning company, Mr Bojang, a tour operator and a representative of the Finnish-Gambian Consulate. With two businesses running in Gambia, the commissioning company can provide firsthand experience of the processes involving starting a business and some insight into the Gambian market. Mr Bojang as Gambian and an operator in

the field has both experience and knowledge of the market. Tjäreborg is the only travel agency in Finland offering package tours to Gambia and has a large experience in tourism internationally. The Finnish-Gambian Consulate in Helsinki could have useful advice for start-up companies.

Jäälin Palvelupiste limited partnership (the Firm) started its operation in year 2000. It is a small accounting business situated in Kiiminki. The general partner is Timo Neuvonen. In addition there are three full-time employees. The clients are mainly small and medium sized companies in the Oulu region. The services mainly consists of bookkeeping, accounts payable, accounts receivable and financial statements. In recent years the Firm has become involved in international business. What started as a dormant company has become reality. The first company was founded in Gambia in 2013. Value-added tax (VAT) was a new phenomenon in Gambia and therefore the first business was an accounting agency. Their expertise in VAT gives the Firm an advantage compared to their competitors in Gambia. There is one employee who takes care of running the agency. Her responsibilities are the local bookkeeping and payroll accounting. She also gets assignments from Finland. In addition there are six handymen who take care of the real estate. The second business is an IT company which operates with web updates and creating home pages. Currently the company employs 3-4 persons. All the employees are local and the Firm helps providing further education in the field. (Sormunen, T. Referred 17.3.2014.)

The hotel business has been a yearlong dream. Now, with proper contacts in Gambia, the project can finally start. This thesis will serve as a guideline in that process. The main issues are to analyze the actions needed to start a travelling company: market and business environment, competition, customers, bureaucracy and official formulas, taxation and fees, possible restrictions for foreign companies et cetera. Tourism is a very important source of livelihood and there are local laws and licenses to consider. The surrounding environment needs to be analyzed to ensure a realistic success and growth. There might be strict national and international laws to protect the nature and wildlife, which in turn might restrict for instance building.

As the Firm has plans, and personal interests, in Gambia, it is required that this thesis can be used also in other fields of business. Taking into account the extent of this course, it would be impossible make a universal guide that suits all sources of livelihood. Therefore the project has to be outlined to concern only the hotel business. However, the theory and research methods can be used as tools in any field of business. All though this thesis will be carried out as a case study,

the thesis includes both theoretical studies and field research. The theoretical part will serve as background for understanding the thesis but also as tools for further studies. The theoretic information will be gathered from reliable printed sources. The information gathered from the interviews will support the theory and give practical answers and tools for the process. The main problem analysing the gathered information, will be how to select the relevant information from a range of interviews. The interviews will be carried out as theme interviews either via telephone and Skype or more structured theme interviews by E-mail. The interviews will be recorded but not transcribed.

The theoretic part introduces different analyses to help researching the new market. The starting point analyses gives insight into the company and the entrepreneur itself revealing the strengths, weaknesses and opportunities. With a wider approach to the business environment, the start-up company evaluates the market, customers, competitors and demand in the operating area to gain necessary information for strategy setting. These starting point analyses are essential also in making the business plan and should therefore be made thoroughly. Business always includes different risks and it is crucial for the success and development of the company to identify the risks involved. A proper risk analysis is a valuable tool for risk management as it gives the operating management guidelines of the proper actions if the risks occur. The risk analysis is also a base for recognizing the critical success factors: which are the main factors that can lead to success or failure?

In the light of the gathered information is Gambia a potential market for a hotel business. Although the country has hindrances, such as an authoritarian government and high corruption, the recent development plans shows that the government seriously aims to develop the financial growth of the country. As Gambia is a poor country it relies on foreign investments to develop tourism. It is therefore in its interest to protect the investors and to promote Gambia as a future market. In order to enhance the development in different areas the government offers inducements: for instance in the tourism branch investors are offered tax exemption and free building land. The legislation has been brought up to new standards and guarantees, that the investments of foreigners will not be expropriated. The government is especially eager to promote ecological development in all branches. That opens up new possibilities for investors in for instance eco travel, research, IT business or wind and solar power.



## **2 GAMBIA IN A NUT SHELL**

The Republic of The Gambia (the Gambia) is the smallest country in the African mainland. It is situated in West Africa, surrounded by Senegal. It is an oblong miniscule country within Senegal. The coast line along the Atlantic Ocean is only approximately 80 kilometers long. The Gambia River stretches through the country, emptying into the Atlantic (Wikipedia. 2014. Search date 17.3.2014).

The President of Gambia, His Excellency Sheikh Professor Alhaji Dr Yahya AJJ Jammeh Babili Mansa, has been ruling since 1994. The Vice President is Isatou Njie-Said, the first Gambian woman to hold the position. The capital city is Banjul, although the biggest cities are Serekunda and Brikama. The Gambian currency is dalasi (GMD): one dalasi equals 100 butut. The population of 1, 9 Billion consists of different ethnical groups. The biggest groups are Mandinka, Wolof and Fula. The official language is English, although each ethnical group has its own traditional language. The French language is also widely spoken (Wikipedia. 2014. Search date 17.3.2014). Mr. President Yahya Jammah has recently commented, that English will be dropped as the official language, but has yet to announce what the substitute language will be (Aljazeera. 2014. Search date 18.3.2014).

### **2.1 History and politics**

The Gambia has a rich history, reaching back to the 9<sup>th</sup> century, when mentioned in Arabic merchants' diaries. The Portuguese took over the trade during the 15<sup>th</sup> century, using it as a trade route for exporting ivory and slaves. During the 16<sup>th</sup> century the trading rights were sold to English merchants. During the 17<sup>th</sup> and 18<sup>th</sup> centuries France and England fought over the dominance of Gambia and Senegal. Finally the Versailles treaty gave England the governance of Gambia in 1783 (Wikipedia. 2014. Search date 17.3.2014).

The slave trade was vivid during the 16<sup>th</sup> and 19<sup>th</sup> centuries. It is estimated, that at least three million slaves were sold to America. The British Empire abolished slavery in the whole empire in 1807. It tried to stop slave trade totally in Gambia as well, releasing liberated slaves on the on

McCarthy Island. Gambia became a British colony, British Gambia, in 1889. In 1906 slavery was finally abolished (Wikipedia. 2014. Search date 17.3.2014).

Gambia reached independence in 1965. In 1982 it formed a federation with Senegal (The Senegambia federation), with the intention of joining armed forces and unifying their economies and currencies. Gambia abandoned the plan in 1989 and since then the relationship between the countries has been tense. Gambia enjoyed a long period of stability under the regime of President Dawda Jawara, but after the military coup 1994 the country have been somewhat unstable. Under the leadership of Mr. President Yahya Jammeh the once quite rich country has gradually lost its fortune due to poor economic management (Oxford Economics. 2013, 3).

## **2.2 Geography and infrastructure**

Gambia is divided into six administrative divisions, which in turn are divided into 48 districts. Banjul is the capital of Gambia but also the administrative and economical centre. The city itself has approximately only 35 000 citizens, but the Greater Banjul area has over 350 000 inhabitants. Banjul international airport and the Central Bank of Gambia are situated there. The other administrative divisions are:

- Central River (Janjanbureh)
- Lower River (Mansa Konko)
- North Bank (Kerewan)
- Upper River (Basse)
- Western (Brikama) (Wikipedia. 2014. Search date 18.3.2014)

Although there are almost 3 000 kilometres of road in Gambia, the main communication route for both passengers and cargo is the Gambia River. Approximately 35% of the roads are paved and most of them lies near the capital. The rest of the road network is unsealed, which makes them impassable during the rainy seasons. There are several plans to develop the road network, especially north of the river where ferry crossings are planned to be replaced by new bridges. While these projects are in the works, the vital route throughout the country is the river. Ocean-going ships can reach Kuntaar, 240 kilometres upstream, and smaller boats can reach Basse, 418 kilometres upstream. The main port is in Banjul and it serves as centre for the national river

trade and international trade. The Banjul International Airport, home of Gambia Airways, lies 29 kilometres northwest of Banjul. Gambia Airways is owned by the Gambian government and British Airways. There are a number of international companies that offer flights to and from Banjul (Encyklopedia of Nations. 2014. Search date 28.3.2014).

Media has an important role in spreading information. There are many newspapers available: The Daily Observer, Foroyaa Newspaper, The Point, The Standard and The Daily News (The Gambia Chamber of Commerce and Industry. 2014. 17.12.2014). Telecommunications are run by Gambia Telecommunications Company Ltd (Gamtel), which is a private company (Republic of The Gambia. State House online, B. 2014. Search date 18.12.2014). There is an automatic telephone system with good international connections in the Banjul area. Gambia has three radio stations, of which two are privately owned. The national television company, Gambia TV, started in 1995 (Encyklopedia of Nations. 2014. Search date 28.3.2014).

The electrical supplies rely completely on diesel generators, which limits the producing and manufacturing industries. Alternative energy sources are vital and there are projects for expanding solar energy and using groundnut shells for fuel. Although wood is used for domestic purposes, the government works to promote the preservation of the forest resources. In 1998 a program of rural electrification was started. The Gambian government has also explored the Gambian coastline for oil reserves, but has not yet found any (Encyklopedia of Nations. 2014. Search date 28.3.2014). The government is seeking for alternative energy sources, both conventional and renewable, to supply for the growing need of electricity. It has established the National Water and Electricity Company (NAWEC) to expand the financing, production and distribution of electricity (Republic of The Gambia. State House online, B. 2014. Search date 18.12.2014).

### **2.3 Livelihood and Economy**

Tourism is a growing livelihood and the Gambian government supports its growth boosting especially Eco-Tourism. Over 50 % of the livelihood comes from services including health, insurance, tourism and banking. Over 30 % of the livelihood comes from agriculture. Agriculture provides work for over 70 % of the labour force. The main products are peanuts, grain, livestock, fishing and forestry (Wikipedia. 2014. Referred 18.3.2014). Manufacturing is yet small-scaled:

mainly it includes the processing of of peanuts, fish, and hides. The main export products are fish, cotton lint and palm kernels. The biggest export partners are China, India, France and the UK (CIA. 2014. Search date 18.3.2014).

Tourism started in 1965, when a Swedish group of 300 people arrived on a cruise ship. Gambia was considered an excellent place to escape the cold weather in the north. The climate is a typical West-African tropical climate. The hot and rainy season lasts from June to November. From November until May the climate is cooler and dryer (Wikipedia. 2014. Search date 18.3.2014). The tourism is slowly developing, although the larger peak is yet to be reached. The tourism branch in Gambia is developing slowly compared with destinations in Europe. The Ministry of Tourism is trying to avoid mistakes made in other destinations and countries. It has therefore issued restrictions to protect the coast line and beaches, by for instance restricting the building height of hotels. The primitive conditions that can narrow down the amount of tourists, like cuts of the water supplies and electricity, have been taken care of. Thanks to large water tanks and back-up generators gaps in the supplies rarely occur (The Gambia Experience. 2014. Search date 18.3.2014).

Since the independency Gambia has enjoyed stability. Prosperity however has not been reached. The majority of the people get their income from agriculture, which is in a critical state. Even with the Gambia River supplying water through the country, only one-sixth of the soil is arable. The dead soil has made the whole agricultural trade relying basically on peanuts. That makes Gambia dependent on the export of peanuts and its co-products (BBC. 2014. Search date 18.3.2014). The Gambian government has formed a specific national Think Tank to map out ways to improve the Gambian socio-economic level and raise the standard of living. The aim is to transform Gambia into a middle-income country over a period of 25 years. This strategy, "Vision 2020", is the result of a nationwide co-operation between private companies, government agencies, the press and the rural-urban communities. During a series of seminars the participants analyzed Gambia from different views and categorized its weaknesses, strengths and potentials. In order to achieve the set goals, Vision 2020 focuses on specific areas to promote the nation's development. The special areas are agriculture, industry, trade, tourism, financial services and human resource development (Republic of The Gambia State House online. A. Search date 16.12.2014).

The majority of Gambians are employed in the Agricultural and Natural Resources (ANR). Approximately 70 percent of the people work within the agriculture, which produces roughly 22 percent of the nation's GDP. The primitive systems and technologies slows the development of the ANR. The Vision 2020 promotes the modernization of the technologies and aims to develop productivity and enhance the commercial agriculture. There are a number of goals set for this field. Firstly the aim is to increase the domestic production and export to guarantee food security and to promote the finance of the development process. The rural districts are largely dependent on the agriculture and the strategy aims to increase the income in these areas by creating more employment. By diversifying the production to a wider range of food, exports will expand and become more profitable. There are large differences between the incomes of rural and urban areas and between men and women. One vital goal is to equalize these differences. Furthermore the aim is to find a balanced and sustainable way to use natural resources such as water, animal and crop production as well as a balanced use of chemical and organic inputs (Republic of The Gambia State House online. B. Search date 16.12.2014).

It has been a long-term objective for Gambia to develop a solid base for industrial activities. The main goal is to process all primary products by the year 2020. Momentarily the industrial field provides approximately 11 percent of the GDP but the goal is to increase the share to 25 - 30 percent by the year 2020. Energy supply is one of the major issues in improving the industrial field and the country needs efficient conventional and renewable energy supplies. The manufacturing field needs to be diversified and the industrial units multiplied. That would offer new employment opportunities and ensure the growth of the exports. These actions need developed infrastructure and smoother technology. The focus will be on production and process technology research. The infrastructure needs to be improved, as the transportation rely on well organised transportation routes. The road and river network will serve the inland trading centres. The airport will be expanded and updated to handle an increase in both passenger and cargo transport. Especially security needs to be updated to international standards. The port of Banjul will be upgraded to an industrial and Freeport. The services provided will be more efficient and competitive which will also offer great investment possibilities in the maritime industry. The development process aims to encourage also private operators to join in as partners . Within the rapidly growing service industry, especially telecommunications has been a successful process. Vision 2020 will guarantee regulatory and investment support to keep Gambia competitive in the field. Vision 2020 also aims to supply the nation with a free flow of information to provide the

people with adequate information and a possibility to participate in the development. Gambia is integrated into the Global Information Infrastructure (GII) and that makes Gambia a major area for data processing and training (Same).

The goals of Vision 2020 cannot be reached without investments in human resources. Therefore it is essential to invest in the education, social and health sectors. In the past the government has focused on the clerical work on the edges of the labour sector. This has caused harm to the development in science, technology, agriculture and industry as much labour forces have been imported. Gambia has become dependent on the work of expatriates and the sustainable national development has faded. Therefore education will be increased by making education available for people. The goal is to increase the educational level up to 90 percent of the school-aged population. Differentiated institutions will supply training to build up professional skills and people will be encouraged to entrepreneurship. The development of health care will be a long-term process, as the existing infrastructure is inadequate. The ambition is to build better hospitals and health facilities to provide basic health care for all Gambians. This in turn means further education in the health care but also improvements in the research and data sectors (Same).

#### **2.4 Culture and business etiquette**

The rich and diverse history of Gambia has transformed the country into a melting pot of different ethnical groups. The heritage has been influenced by Arabic culture, colonial politics and the surrounding Senegal. Most of the West-African ethnical groups are represented and hence a rich linguistic culture. All ethnical groups live tight together – there are no tribal and ethnical areas. The groups live together in harmony and even though the vast majority of the people are Muslims, there are no religious disputes. This symbiosis has helped to create a “Gambian” culture (Wikipedia. 2014. Search date 18.3.2014.).

As an Islamic country, the Gambian food culture is regulated by the Koran. It contains strict rules of what to eat. The food has to be “*halal*” which means pure. Pork meat and blood is not included in the cuisine. The typical Gambian cuisine consists of fresh vegetables and meat, such as peanuts, fish, chicken, oysters, onions, tomatoes and chilli peppers (Wikipedia. 2014. Search date 18.3.2014.). Vegetarian travellers can easily find a variety of dishes to choose from (Visit the Gambia. 2011. Search date 18.3.2014). One of the biggest Islamic celebrations is the holy month

of Ramadan. It takes place in the ninth month of the Islamic lunar calendar. During the Ramadan all healthy adults must fast and give up all food, drink and tobacco. The Ramadan is a spiritual celebration during which it is essential to pray, do good deeds and spend time with family and friends. The fasting is a way to remember those less fortunate and to thank the God for all blessings (The Gambia Experience. 2014. Search date 18.3.2014.). Another big annual Islamic festival is the tabaski, which takes place two months and ten days after ending the Ramadan. It is celebrated in memory of Abraham, who was willing to sacrifice his own son. The celebration takes part at the same time the annual pilgrimage to Mecca ends. The festivity brings families together from all over the country for a day of celebration. Sheep are ritually sacrificed and barbecued. Part of the meat is given away to needy, part is given away to friends and part is eaten by the family. All this to ensure that no-one is let out of the grand festivities (Visit the Gambia. 2012. Search date 18.3.2014).

Cultural and religious background affects our conduct and manners, not only in our everyday life, but in business as well. When operating on international markets, it is important to know and respect the cultural differences to avoid misunderstandings or unintentional insults. The pace in business and everyday life in Gambia is more relaxed than in most Western countries. Issues like punctuality is not that important and one should prepare for meetings to run a little bit late. Therefore it is advisable to have patience, when doing business in Gambia. Businessmen do not like to rush and hurry things: before meetings and negotiations there is always a greeting ritual and small talk before moving on to business. Meetings are usually not planned in details and therefore it is good to prepare for changes in the schedule. Gambia is a very communal country and that is shown in business as well. In order to gain good business relations it is important to get to know the partners. Trust and friendship will help form a good relationship with the partners. One should avoid open confrontations and disagreements must be phrased in a way, that it cannot be interpreted as an insult or disrespect. In contrary to many western countries, Gambians have a great respect for elders and that should be remembered when dealing with elder persons. Religion is important in Gambia. In most workplaces there are rooms dedicated for praying which according to the Islamic tradition will be done five times a day. All though the customs might vary indifferent businesses it is always good to remember (Access Gambia. 2014. Search date 25.11.2014).

## 2.5 Gambia in numbers

**Table 1:** Numerical facts of Gambia (CIA. 2014. and UNPD. 2012 Search date 20.3.2014)

<b>Population:</b>	<b>1,925,527 (July 2014 est.)</b>
<b>Population below poverty line:</b>	33,6 % / HDI 165 (UNPD.2014 Search date 20.3.2014)
<b>Age structure:</b>	0-14 years: 38.7% (male 374,353/female 371,488) 15-24 years: 21% (male 199,306/female 204,324) 25-54 years: 33% (male 310,901/female 324,227) 55-64 years: 3.3% (male 37,506/female 39,958) 65 years and over: 3.2% (male 29,793/female 33,671) (2014 est.)
<b>Life expectancy:</b>	Male: 62.04 years Female: 66.74 years (2014 est.)
<b>Birth rate:</b>	31.75 births/1,000 population (2014 est.)
<b>Death rate:</b>	7.26 deaths/1,000 population (2014 est.)
<b>Unemployment rate:</b>	High: no exact figures available
<b>Labour force:</b>	777,100 (2007)
<b>Labour force by occupation:</b>	agriculture: 75% industry: 19% services: 6% (1996)
<b>GDP:</b>	\$896 million (2013 est.)/ growth rate 6.4% (2013 est.)
<b>GDP by sector of origin:</b>	agriculture: 19.7% industry: 12.6% services: 67.7% (2013 est.)
<b>Currency:</b>	Dalasi (GMD) 1 GMD = 100 butut 1 EUR = 53,81 GMD (100 GMD = 1,858 EUR) 1 USD = 43,10 GMD (100 GMD = 2,32 USD)

*Currency information (Napsu, valuuttalaskuri. 2014. Search date 18.11.2014)*

### Tips:

Before travelling to Gambia it is recommendable to make sure having the proper vaccination.

It is advisable to make sure that the vaccination against tetanus, diphtheria, polio, measles, mumps and the German measles are up-to-date. Hepatitis A and B shots are also recommended as the conditions are quite primitive. The shots needs to be taken early enough to develop



protection against the viruses. Travellers to Gambia also need protection against yellow fever and malaria. It is advisable to contact the local health centre to confirm the required vaccinations (Tjäreborg. C. 2014. Search date 18.12.2014).

There are no requirements for a visa, if the stay does not exceed three months and if the travel is for leisure. If the travel time exceeds three weeks the passport needs to be stamped at the Immigration office and the passport has to be valid for more than six months from entering the country (Tjäreborg. B. 2014. Search date 24.11.2014).

### 3 THE STARTING POINT ANALYSES

All businesses starts form an idea: the basic idea of why the company exists. This idea will, however, not be enough to ensure a functional unit or a successful business. The idea needs to be developed further to a larger business concept that includes all different faces from planning to starting and operating the company. The planning should start from the entrepreneur evaluating the history behind the person itself. History moulds each person, their way of thinking, attitudes and their actions, therefore a realistic and honest background check should always start with the entrepreneur. The business concept should clarify what the company is doing, for whom and with which strategies it plans to achieve the goals (Vanhala, Laukkanen & Koskinen. 2002, 68-70).

Once the business concept is clear, it is time to start making the business plan. The business plan is a complete blueprint of the company's operations, principles, values, resources, markets and their possibilities. Especially a start-up company should take time to make a detailed and well thought business plan, as there are many unknown aspects affecting the business. Firstly, knowing the market, who operates there and with which strategies will help establishing the new company on the market. Secondly, potential investors, clients or suppliers might need convincing and a good, realistic business plan is a good tool (Same). A good business plan is an inclusive plan of the company, its visions, goals, operational environment and of the strategies with which the goals will be reached. To be a reliable tool for investors or other interest groups, it is essential that the plan is realistic yet innovating, concrete, offers economical and strategic views and evaluates risks and risk management realistically. Furthermore it evaluates the life cycle of the products, product development, marketing aspects and offers a truthful view of the profitability (Vanhala, Laukkanen & Koskinen. 2002, 72-73).

The process of business planning is a series of different analysis to clarify from which point the company starts. The purposes of these starting point analyses are to evaluate the company internally and externally. The analyses will point out the company's strengths and weaknesses and find means for development and growth. The process usually starts with evaluating the internal environment moving on to the external environment (Kinkki & Isokangas 2003, 232-238). Each market has their own structure and, to make a success, it is relevant to know the market the company operates in. If the field of business itself is familiar, the starting point research can be

limited to market, customer and competitors. When establishing a company in a new field of business, the research needs to take a larger approach. According to Mr. Kurt Österberg (3.11.2014, E-mail), the main issues are to focus on the local market, segmentation, strategy making, competitors and their strengths and weaknesses, marketing recourses, human resources, risk management, capital adequacy and availability.

As the business concept itself has mainly provided information about the internal aspects of the company, the business plan offers a more concrete approach also to the external business operations. One of the issues is choosing the form of business. As the business plan already has outlined the operational field, it basically also gives an answer on the choice of business form. The form of business depends on the size of the operation, the ownership of the company, responsibility issues and need of assets. For entrepreneurs operating alone, it might be easier to start an private firm. All the work is done by the owner who is answerable only to himself and gets the whole profit. If the operation is larger, issues like taxation, legal status or basis of profit distribution limits the options (Vanhala, Laukkanen & Koskinen. 2002, 72-73).

The business environment is basically everything in the surroundings of the company. For strategic planning, however, "everything" is far too large a concept. It is more practical to narrow the environment down to forces affecting operations directly and which have a direct impact on the strategies. It is vital to know the environment and the possible changes within. It provides the management with ability to navigate on the continuously changing markets and to prepare for surprising events and threats in the near future (Vanhala, Laukkanen & Koskinen. 2002, 114-116). The analysis of the environment is the essence of the business plan.

### **3.1 Company analysis**

Basic analysis of the company starts with evaluating the internal operations and resources. All processes from the organization, financials, products, services, price setting, marketing and logistics should be evaluated and analyzed. The analysis gives the management deep insight to the complete operation and gives tools for strategy and goal setting. Resource analysis is used to evaluate the economical, physical, psychological and social resources available to determine, what resources the company has got and what they need. The research includes everything from management to personnel: financial status, know-how, professional skills and education, tools

and processes used, capacity, quality and price of the products and services (Kinkki & Isokangas. 2003, 237-238).

A start-up company focuses the company analysis on the business idea and the history and background of the entrepreneur and owners. Analysis focuses on the motives behind the business concept, why the company is based. The background of the entrepreneur and the resources are a key factor; what are the experience, educational and professional skills and what strengths will aid the company to success. What are the possible weaknesses and how can they be turned into assets? The business idea is just the thought, but during the analysis the idea will get "flesh on its bones". All details of the company's operation needs to be thought out. For example:

- Form of business and registration of the company
- Financial plan: how to finance the project. Where to get investments
- Strategies and goals
- Location: where, why
- Logistics
- Products and service
- Suppliers, other interest groups
- Customers: segmentation
- Marketing plan
- Administration
- Human resources: organisation, staff and recruitment processes, responsibilities
- Risk assessments: what risks affect the operation, how to prepare the operation for them and how to prevent them
- Future plans: the vision of the company in five or ten years

This thesis will focus on the Gambian market and on the hotel business. The author will also work on the assumption, that the general business facts in Finland are known to the readers.

## **Form of business**

The forms of business in Gambia are similar to any other countries. As usual, small differences in the local legislation might occur, therefore it is highly recommended to get legal counselling in the process. The companies must be registered according to the Companies Act 1955. The businesses can be registered as:

- A company limited by shares: the liabilities of its members are limited to the amount of shares held by them;
- A company limited by guarantee: the liabilities of the members are limited to such an amount as each may undertake to contribute to the assets of the company in the event of it being wound up;
- An unlimited company: a company not having any limit to the liabilities of its members

The registered company can either be a private or a public company. The Companies Act states that a private limited company has to restrict the transfer of its shares, limit the number of its members to a maximum of 50 and to prohibit the public to subscribe any shares of the company (Gambia Information Site. 2014. Search date 6.12.2014). There are no restrictions, minimum or maximum, on share capital of the company. Other private companies are sole proprietorship, a partnership, co-operatives or subsidiaries of other companies (Doing business. 2014. Search date 25.11.2014). Registered companies must have a certificate of the registration issued by the Registrar General. The certificate entitles the investor to operate a business in Gambia (Gambia Information Site. 2014. Search date 6.12.2014).

Private companies must appoint at least one director. Public companies have to have at least two directors according to the company's articles. Alternate directors may also be appointed and this is advisable especially in companies with non-resident directors. The names and nationalities of all directors must appear on all legal documentation. Each company is also obliged to appoint a secretary. The acting secretary does not need to be an employee, but a sole director of a company cannot act as a secretary. The companies Act regulates strictly the obligatory statutory records that needs to be registered: members, directors, secretary, mortgages, debentures, director's holdings and minutes of member's meetings. The Act also requires every company to have a

common seal and a registered office in Gambia (Gambia Information Site. 2014. Search date 6.12.2014).

Companies can choose the accounting systems freely requiring that the records "give a true and fair view of the states of the company's affairs, explains its transactions and can be properly audited. Every company must keep proper books with respect to: all sums of money received and expended; all sales and purchases of goods; assets and liabilities". The financial statements must be presented to the company annually: at least 12, but no more than 15 months after the previous general meeting. The directors have to present profit-and-loss accounts, balance sheet, directors' report and the auditor's report. The specific requirements concerning the form and contents of the balance sheet and profit-and-loss account are included in the Company's Act (Gambia Information Site. 2014. Search date 6.12.2014).

To ensure foreign investments the Gambian government is maintaining an open-door non-discriminatory policy. The policy will guarantee that foreign investors will not be treated unequally to domestic operators. With different legal framework the Government guarantees that foreign investors and investments in the country will not be expropriated. There are different taxes imposed in Gambia: direct taxes on salaries, real estate and income. Under certain conditions the government also offers exemptions, discounts, relief and tax holidays. The governing body of taxes is the Income Tax Department in Banjul. Everyone who has gained income from any source in Gambia is liable to pay taxes. Some of the taxes can be seen in table 2. Further information on taxes can be seen in appendix 8.

**TABLE 2.** *Types of taxation in Gambia*

<b>Type of tax</b>	<b>Rate of taxation</b>
Corporate Taxes	Company making profit at the end of the financial year: 35% of computed net profit. Company making loss are charged the turnover tax *
* Turnover tax	2% of turnover if audited accounts are submitted or 3% of turnover of un-audited accounts, whichever is greater
Personal Income Tax	10 - 35 % depending on the net earnings
Payroll Tax	Implemented on non-citizen employed in Gambia. The annual sum of D10, 000
Capital Gains Tax	10 % tax on the gross fees payable to contractors or sub-contractors

Environmental Tax	GMD 1 per employee per month
National Educational Levy	Between GMD 30,000 and GMD 50,000 / depends on the turnover
Private Practitioner Tax	D10, 000 annually on all private practitioners in the following fields: (a) Accountants, (b) Architects, (c) Druggists, (d) Dental Surgeons, (e) Engineers, (f) Legal Practitioners, (g) Medical practitioners, (h) Pharmacists, (i) Surveyors

If a company wishes to employ local workers, employees must be registered in the National Provident Fund or the National Pension Scheme. The settlements to the National Provident Fund are paid by the employer and the employees. The amounts are 10% and 5% of the gross salaries. If registering the employees in the National Pension Scheme, only the employer pays a settlement of 19% of the gross salary. The retirement age in The Gambia is 55. There are restrictions for employing expatriates, but the government has tried to ease the restrictions (Gambia Information Site. 2014. Search date 6.12.2014).

### **Analysis:**

The basic business idea of the start-up hotel business is to provide travelers with good quality hotel accommodation and top class service in the area of Senegambia. The hotel will be a small-sized five-star establishment with emphasis on good service. The whole operation will be based on ecological values: taking into consideration the local environment in the long run. It will also value sexual equality and in its way promote the women's rights. Furthermore it hopes to enhance understanding between different cultures.

The company will be registered in Gambia according to Gambian laws and regulations. The form of business will be a private limited company, limited by shares. As the company will be family-owned there will be a maximum of five shareholders. Exact figures of the share capital will be made once the process is started and all liabilities have been discussed. There are instructions available on the Internet of the process of starting the company in Gambia (Appendix 7). According to Sormunen (Interview, 23.11.2014) is the process time consuming and complicated. All though there are official prices on the different stages, the price varies for foreigners. It will be difficult to predict what the costs will eventually be. That is an unfortunate contradiction to the fact that the government needs foreign investors. As the local people are quite poor they do not have the financial means to start companies. In order to create more employment and enhance economical growth, the country needs foreign investments. Yet the corrupt authorities tend to

hinder the development with discriminating actions. The bureaucracy delays the process further as there are no co-operation between different official's and agencies. There are a lot of running back and forth in order to get all documents necessary. Had it not been for their good contacts at the Gambia Investment & Export Promotion Agency the two earlier companies would probably never have started. With the agency's help many obstacles were removed. Sormunen also underlines the fact, that legal representation is necessary.

The assessment of resources shows to be positive. Financial investments for the project will all come from the owner themselves. There will be no need for financings from commercial banks or other investors at this point. The situation on the Gambian market is quite tough, the interest rates are extremely high and it is advisable not to take any loans from the Gambian banks (Sormunen, Interview 23.11.2014). The owners experience and knowledge of Gambia can also be measured as a valuable resource. With two companies already working and with a local support system, the project is doable. The earlier experiences has shown, that for a foreigner, without local help, the process of starting a business is very complicated. The owners have a solid expertise and professional education in business management. They also have a good network of professionals in Finland they can rely on in different phases of the project. The two operating companies in Gambia are both good resources as their services can be used in the hotel business. Accounting will be taken care of by the own agency and it can therefore be easily controlled. All IT-support needed will be at hand through the own IT company; web pages, Internet booking system and the property management system (PMS).

Logistically the Senegambia area is a good spot for the hotel. The Firm has noticed, that the areas near Cape Point are quite crowded with hotels. The areas near Kartong lies further away from the airport and the beach area there is quite full as well. The areas near the border have a tendency of being restless and there are areas not recommended to visit. With the airport near, the distance and time used for transportation will be shorter. That can be a valuable asset during the heat waves; hot hour-long buss drives will not be necessary and there will be more time to enjoy the vacation and the destination. Preliminary meetings with representatives of the government has cleared the site for the hotel. The site is situated on the beach in the fringes of the Senegambia centre. The building land will be donated by the Gambian government as it wants to promote the foreign investments in Gambia. As a second inducement it offers the operation complete exemption from taxes for the first two years.



The hotel itself will be a small complex with 10 - 20 rooms. The purpose is to keep the operation small enough to handle, to ensure the high quality of the hotel and of the services offered. The estimated investment for the hotel, including building material and labour, is approximately 20 000 EUR. This cost does not include the interior; furniture and further decorations, special carpets or wallpaper and paint will be imported. The local supply is very limited and the few options available are very expensive and the style is Asian or Indian. The hotel building will be planned by a Finnish engineer and the blueprints will be approved by the local authorities. At this point it is planned, that also the interior design will be made by a Finnish designer. The majority of the construction labour force will however be local. The ecological values will be taken into account already in the building stages. As far as it is locally possible, waste disposal will be planned properly. Materials and service will respect green values. The unnecessary use of toxins or disposable material will be avoided. Solar heating systems will be installed to heat water for hotel guests and for housekeeping. To what extent the solar system can be used as main power supply, is not yet evaluated. There might also be future investment possibilities in solar and wind power.

The main products are the accommodation itself, restaurant and bar services and special excursions in Gambia. As earlier mentioned, the main goal is to offer good quality accommodation and service. That means comfortable luxurious rooms with good equipments: balcony or terrace, mini bar, private shower and toilet, bath robes, room service, TV and satellite, Wi-Fi et cetera. The bars will be modern and up-to-date with professional staff, live music and entertainment. The restaurant will serve first class local cuisine combined with international delicacies. During the day small snacks will be available by the pool. Evening entertainment and live music will be offered by the pool or inside the hotel. The operative planning will take place, when the responsible management has been recruited. Supplementary services includes room service, laundry service, childcare, hairdresser or beauticians on demand, money exchange at the reception, car rental and excursions. The prices will not be possible to estimate now. It will follow the competitors prices to an extent, but the final pricing has to be done, when the hotel is ready.

According to Pucilowski there are no international standards for categorizing hotels. The tourism authorities of each country gives an official estimate based on the supply in the area. Therefore different hotels in different areas cannot be compared with each other. There might also be

taxation reasons for official categorizing. Different tour operators have their own standards in categorizing their hotels. There can be stars, flags or keys symbolising the categories. The categories all depend on the quality of the accommodation, the equipment available in the rooms or apartments and the services in the hotel and in the surrounding area (E-mail, 23.11.2014). As the start-up hotel is far from ready to be categorized, the price setting will have to wait. At this moment, there are no five-star hotels in Senegambia. In the nearby areas the price of five-star hotel accommodation lies approximately between 105 EUR and 128 EUR per night. The comparison of the original price is difficult, as there are many different Internet operators and they might have special offers on some locations.

The plans for human resources will also have to be laid out later, when the hotel is closer to be ready. The Firm will have to take responsibility for the management at the start. That means recruiting staff, organising the different tasks and responsibilities. The staff has to be trained and brought up to the standard and quality requirements. The owner will take the position as hotel manager at the beginning. The near family will help with the planning, but the future operation has to be dealt with locally. Other responsible personnel will be the deputy director, sales and marketing manager, reception manager, housekeeping manager, manager for food and beverages, PR-manager, human resources manager and the head of the entertainment. The amount of the staff can only be estimated roughly, as there are no blueprints of the actual hotel or even rough plans of the project. The rough estimation can be seen in table 3:

**TABLE 3.** *Evaluation of required staff*

Secretary	1
Sales & Marketing	1
Reception, 24 h / day	6 - 8
Porter	2 - 4
Housekeeping	3 - 4
Caretakers	2
Bars and Snack bar	3 - 5
Restaurant	8 - 10
Entertainment	*
<b>Total</b>	<b>26 -34</b>

\* Can be purchased as a team, entrepreneur

The labour cost in Gambia is relatively cheap. The wages are mostly based on a minimum wage structure. The average labour costs of a factory worker is approximately 47 USD and of a Chief Executive 750 USD (Gambia Information Site. 2014. Search date 6.12.2014). According to Mr. Bajong (Interview, 3.12.2014) there are a good supply of skilled and professional workers. There is a tourism School in Banjul offering training in the tourism branch. As most people speak English or French, the language will not be a issue. Bajong stresses the friendly and warm attitude towards tourists and believes that it will not be difficult to get motivated staff. The working culture is different to the Finnish and it will need getting used to. Sormunen (Interview, 23.11.2014) has experienced the working pace and ethics first hand and in Finnish standards the workers are lazy.

Analyzing the customer supply and segmentation, one could state that all travellers could be possible customers. However, the main groups targeted are professional adults in their late 30's or beyond and small families. Their interests lies in the nature and seeing the real Africa, not only beaches and parties. They have the financial resources to choose quality and they demand a good run for their money. Possibly they are experienced travellers and values new unseen destinations where they can experience something authentic. A potential target group could also be honeymooners: the tranquillity and beautiful scenery could provide a perfect setting for a romantic holiday. Although the nationality of the travellers is principally irrelevant, the marketing sets its own challenges. The hotel will have good web pages, and as the Firm already has based an IT-company in Gambia, the building-up and running of the site will be managed there. Own web pages alone is not enough. One major step would be to get contracts with tour operators in Scandinavia. For example Tjäreborg, which is the only tour operator in Finland offering packages to Gambia. Tjäreborg is part of an international group, Thomas Cook Group. A contract with them would bring customers from all over Europe, but probably mainly from Finland, Sweden and Norway (Tjäreborg. 2014. Search date 24.11.2014). Other useful sources will be the Internet operators offering accommodation and flight, such as Momondo, Ebookers, Hotels or Lonelyplanet.

As the green thinking is one of the main values that guides the whole operation, it might be a good idea for the future to get an environmental certificate. There are two different certificates for eco-friendly hotels; Ecolabel and Travelife. Ecolabel is the European environmental standard which promotes ecological values and sustainable development. It was created by the European

parliament and European Union's council in 1992 as part of the EU strategies to reduce the industry's negative impact on the environment, health, climate and natural resources. The purpose of the standard is to promote the sales of products with high ecological status. The Ecolabel standard is used in the EU and EEA countries. All countries belonging to the system has a competent body that is in charge of registries. The application for the standard should be sent to the competent body of the country where the product is produced (EU ympäristömerkki. 2014. Search date 24.11.2014). Travelife Sustainability System is an organisation based by European tour operators in 2007. It was based by big operators in the branch to improve the sustainable development in the tourism branch. Big and influential members gives Travelife a powerful position to enhance environmental issues by influencing both suppliers and consumers (Travelife. 2014. Search date 24.11.2014).

The schedule of the process has been changed due to the Ebola epidemic in neighbouring countries. As the recovery will take time, the new scheduled timeframe is between five to ten years. Under these circumstances the timeframe is realistic. That will give the nation time to recover from the epidemic and during that time people will forget to be over-cautious. The next steps will be to complete the registration of the company, apply for the necessary permits and start planning the hotel. The Firm's presence will be required during the application process; it will take time to get all necessary documentations and permits.

### **3.2 Competitor analysis**

*"If you know your enemy as you know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory you gain you will suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle. "*

*-Sun Tzu, military general 544-496 BC-*

For any company to succeed on a new market, it is relevant to know the dominant competition. As a new entrant on the market, it is essential to recognize the potential competitors: who are they and where do they stand? What are their strengths and specialities? What do you have to offer the market? How can you specialize or differ from the competitors? To gain a competitive advantage, the company has to have something superior compared to the competitors. The

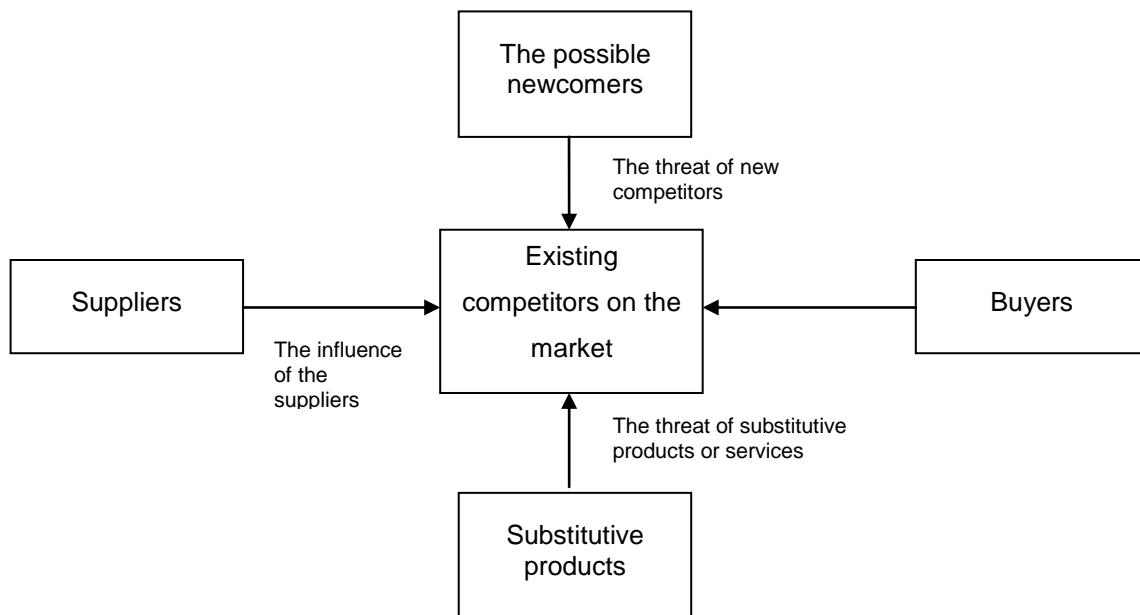
advantage can be divided into three categories: economical, functional and image. To gain an economical advantage, the company has to be able to offer the services or products at a better price than the competitors. This can be a result of good contracts with suppliers or agents. The company might have a more efficient supply chain, which ensures a rapid delivery. To gain a functional advantage, the company has to have better quality products or services. There has to be something superior compared to the competitors' equivalent products: better materials, better design, easier to use or longer guarantees. These features might be the key-factors for consumers when choosing who to buy from. To gain an image advantage the company, or its products, has to have gained a name, a brand, which makes consumer choose them. A good, well-known, brand could be the primary reason for purchasing the product (Bergström & Leppänen 2000, 60).

When charting the tourism and travel market, the market can be categorized in many levels: global, international, national or regional. Travel industry globally has numerous competitors, everything from small regional entrepreneurs to multi international chains. In tourism business the global approach is far too large for most operators. The main competitors are usually in the same region or nation which narrows down the competition. In some cases international competitors has to be considered, for example if the same area competes for customers with different countries. An example could be the Mediterranean: many countries around the Mediterranean competes for the same customers offering similar products and service. The difference lies mainly in the culture, surrounding environment, habits, traditions and for example activities. To find the perfect niche requires thorough research and expertise in the field. One useful tool in analysing the competition, is Porters model of five forces.

### **Porter's model of five competitive forces**

According to Porter, each industry is influenced by five basic forces (Figure 1) and the strength of these forces dictates how much profit can be made in the industry. The profit within industries defer from intense to relatively mild. The forces are intense in industries, where great profits are rare, for instance paper industry. In fields, where the profits are usually high, the forces are relatively mild. All competitors in the industry are affected by the same forces and are obviously aware of them. Therefore, it is essential to understand and analyse the forces deeper to be able to use them to the company's benefit. Strategies based on the movements and changes in the

forces, can determine the success and help building a competitive advantage. Strategising is an ongoing process ensuring that the company is always a step ahead in the competition and picks up on new trends and ideas before the competitors. The main goal in strategising is to find a position in the market, where the influences can be best used as an advantage and to minimize their impact (Porter. 1998, 4).



**Figure 1:** Porter's model of five competitive forces

In Porter's model, the five basic forces are the existing competitors, buyers, suppliers, possible newcomers and substitute products (Figure 1). All these forces base a cycle in which all influences each other (Porter. 1998, 4). The existing competitors operates on the same market, have the same product and same customers influencing thereby the profitability in the industry (Kinkki & Isokangas 2003, 240-241). Competition is necessary for companies for gaining and obtaining their position on the market, using different tactics and strategies. The chosen strategies can differ between price competition, advertising campaigns, product introductions or higher level of customer service and warranties (Porter 1998, 17).

The newcomers are the future operators in the field. Their influence on the future market is a threat that might affect the profitability (Kinkki & Isokangas 2003, 240-241). New entrants aims to

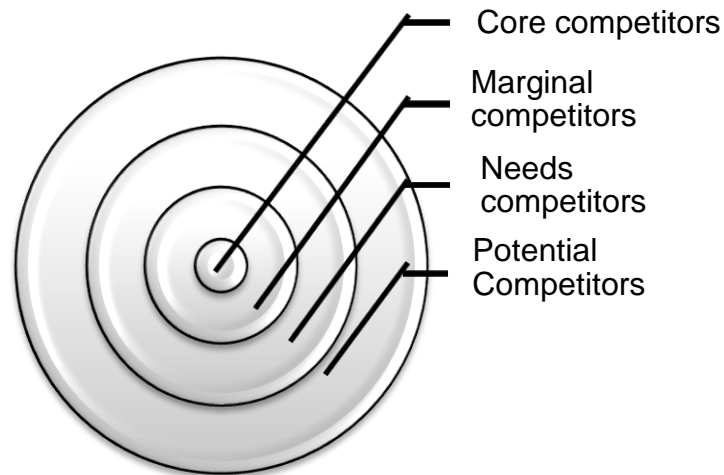
gain a position on the market and brings with them more capacity. The increase of capacity can influence the price on the market. If prices decline, the profit will sink. The entry on the market depends on the structure of the field. If the existing competitors can react fast and possibly block the entry, the threat of new entrants is low. The entry might mean excessive volume at a minimized profit, or no profit at all (Porter. 1998, 7).

The substitute products can come from existing competitors or newcomers. The substitutes can be different products, processed with different methods but they fulfill the same demand as the industry's products (Kinkki & Isokangas 2003, 240-241). Substitute products limit the potential profit on the markets by giving consumers a wider range of possibilities. The substitute products force the competitors in the field to keep prices at a certain level, which in turn makes high returns impossible (Porter. 1998, 24). If the company's product can be specialized and gain a position on the market due to its uniqueness, the company can gain competitive advantage as there are no substitutes available.

Buyers have a big influence in the industry. They have the power to force down prices, demand higher quality or longer warranties. All of which affects the profitability in the market. If the buyer is powerful and purchases large amounts of significant products, the buyer has bargaining power. Either the seller accepts a lower price or the buyer can take the business elsewhere. On the other hand, if the buyer and the amount of the acquisitions are relatively small, the buyer may not have gained bargaining power on the market. Then the seller can set the price. When the product itself is a standard product or not differentiated, the buyers can easily find alternative suppliers and can play the different suppliers against each other in order to get the best deals (Porter. 1998, 24).

Suppliers can use their power on the market by raising prices or reducing the quality of the products. In that way they can make profit by shedding the profit of the buyer (Porter. 1998, 24). Suppliers can be divided into categories ABC according to their importance. By categorizing suppliers for instance by volume or prize, one can determine who the potential suppliers are (Kinkki, S. & Isokangas, J. 2003, 241). The labour force can also be seen as a powerful supplier: they obtain bargaining power by uniting and demanding better wages and working conditions. Particularly experienced and specialized workers have bargaining power and may eat away some of the company's profitability (Porter. 1998, 28).

Understanding the influence of the different forces on the market is the base for knowing the competition. The competitors can be divided into categories, as seen in Figure 2 (Lahtinen. J. & Isoviita. A. 1998, 59: Kinkki, S. & Isokangas, J. 2003, 242):



**Figure 2:** Four categories of the competitors (Lahtinen & Isoviita. 2000, 59: Kinkki, S. & Isokangas, J. 2003, 242 )

Core competitors are competing on the same markets with the same products, using the same methods and technology. They have different strengths that makes them the category the analysis should concentrate on. The marginal competitors also operates on the same markets, competes with the same products, technologies and methods as the core competitors. The difference is in the strengths: the marginal competitors have not gotten many strengths which makes them less of a threat. The needs competitors operates on the same markets as the core and marginal competitors. They offer different products and use alternative methods and technologies. Their products, however, fulfil the same needs of the same customer group and it is, therefore, important to recognize them. The potential competitors are the operators of the future who might enter the market and may become core or marginal competitors. Their impact and influence is difficult to predict, but their possible and the counter-measures should be included in the company strategy (Lahtinen. J. & Isoviita. A. 1998, 59: Kinkki, S. & Isokangas, J. 2003, 242).



## Analysis:

The existing competitors in Gambia are primarily all companies offering accommodations. As the structure of the tourism branch in Gambia is quite narrow, most accommodation and lodgings are situated mainly in the coastal area in the west. As a small country, with a short coastline of 80 kilometers, the competitors tend to situate at a dense area. Narrowing the existing competitors down further to companies operating in the same area and offering equivalent services, the competitors can be categorized as follows:

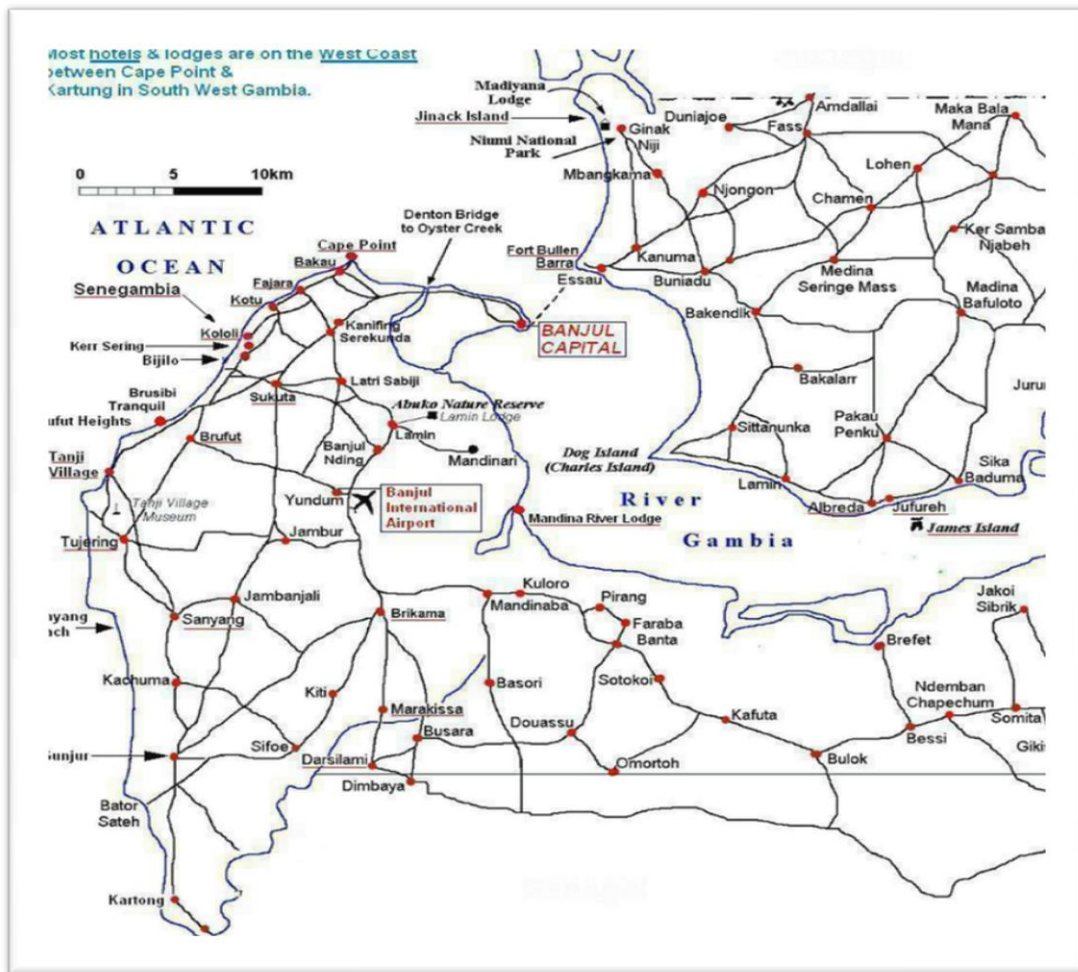
- Hotels 2 - 5 stars
- Apartment hotels 3-4 star
- Safari-parks
- Bed & Breakfast
- Motels and hostels
- Youth hostels

These competitors are not all competing for the same customers, as the segments are different. Although the basic product is mainly the same, the business itself includes different by-products which affect the strengths and weaknesses of each competitor. Focusing on the complete operation, the competitors mentioned above can be categorizing into core, marginal and needs competitors as follows:



**Figure 3:** Core, Marginal and Needs competitors in the Gambian hotel business

The challenge in categorizing the different hotels is that there are no official rating system in Gambia at the moment. Therefore the stars are given depending on the service and standard compared with other hotels in the same area. Most hotels on the west coast are situated on the stretch from Cape Point to Kartong. There are small resorts and villages along the whole coastline; in total over 150 hotels of different standard.



**Picture 1:** Gambia Hotels map (Access Gambia. 2014. Search date 16.11.2014)

The areas near the Banjul International Airport are the most popular (Access Gambia. 2014. Search date 16.11.2014). As previously stated, the areas near Cape Point and Kartong are already quite crowded. The areas of Senegambia and Kololi are smaller, but there are good locations available. There are no five-star accommodation available in the area at the moment which gives the start-up hotel an advantage on that score.

The most probable competitors can be found by viewing the supply in the area and focusing on the hotels providing the same standard accommodation and service (Table 4).

**Table 4:** Hotels in the planned area. (Access Gambia and Tjäreborg. Search date 17.11.2014)

<b>Area:</b>	<b>5 Star hotels</b>	<b>4 Star hotels</b>	<b>3 Star hotels</b>	<b>2 Star hotels</b>	<b>No category</b>	<b>Hotels sold by Tjäreborg</b>
Bijilo	1	-	3	-	9	3
Brufut Hights & Gardens	1	-	1	-	7	1
Kololi / Senegambia	-	4	2	6	15	3
Kotu	-	1	3	-	6	4
Kerr Serign	1	-	-	-	5	-
	<b>3</b>	<b>5</b>	<b>9</b>	<b>6</b>	<b>42</b>	<b>11</b>
<b>Total:</b>					<b>65</b>	

The amount of hotels clearly indicates, that the area of Senegambia is popular and there are a variety of choices. As the area has no five-star resort there might be a demand for high quality accommodation and services. Furthermore the table clearly shows the core and marginal competitors and in that light there seems to be a perfect niche for the start-up hotel. If considering a contract with Tjäreborg, the hotel could be a good addition in their supply as they do make package tours into the area.

According to Mr. Bajong (Interview, 3.12.14) most tourists come from the United Kingdom, Holland and Sweden. Annually between 3 000 - 4 000 Finnish tourists travel to Gambia with Tjäreborg (Pucilowski, E-mail 16.11.2014). The author has not been able to find any estimate of independently travelling Finns, but it is safe to assume that there are a minor amount of travelers choosing their location and flight on the Internet. As previously stated, the main segments for the hotel are adults in and over their late 30's and small families. These segments are probably an attractive group for any competitor, as these customer groups have the financial means to pay for quality and many times require a certain standard. Younger travelers tend to make more low-cost travels and choose their accommodation according to price rather than standard. To attract the potential customers the hotel has to offer different standard of quality to the competition: more quality in the hotel and equipment, better service, more skilled staff, better choice of activities and

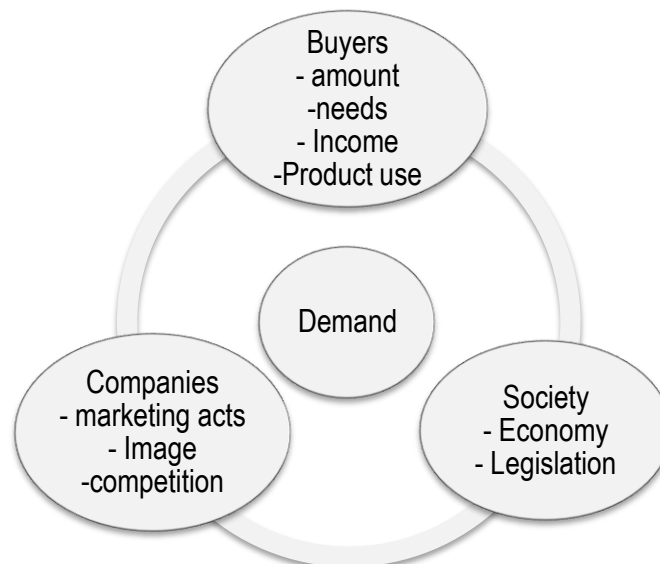
a different variety of excursions. As the main competitors are four-star hotels, they will have the means to appeal to the same group of people. The competitive advantage in this hotel could be the more intimate atmosphere and the relaxing ambiance. Instead of crowded pools and breakfast tables, the guests could enjoy a peaceful quiet breakfast - even on their own balcony. The intimate and tranquil surroundings could also be a perfect set for honeymooners.

A big part of the marketing will happen through the Internet. The hotel must have an attractive website which pops-up easily. Interesting hotel information and professional pictures on display will whet the viewers appetites for experiencing Gambia. Co-operation with travel sites will maximize the attention. Even if many people prefer independent travelling and planning the travels on their own, there will always be a big amount of tourist travelling in groups. It is easier to buy a ready package with direct flights - and it also provides travellers with a sense of safety. To get these groups to the hotel would also mean contracts with tour operators. As mentioned earlier, Tjäreborg is part of Thomas Cook, which is a major operator. Other big potential co-workers could be Neckerman Reisen or Spiess. A high quality hotel would be an interesting addition to the supply in Gambia, so the contracts would be worth achieving.

Contrary to many industries, the hotel business does not have many, or any, substitute products. The setting may vary and the standard change, but principally all companies in the field offers the same product - accommodation. Whether it is a hotel, apartment, tent or caravan they are all basically the same product. Any substitute products is hard to imagine. Boats, yachts or houseboats are rarities, they compete in a different category but they still offer accommodation. Tourism is a profitable industry which means that possible newcomers will enter the market eventually. Especially in Gambia, if the government achieves its goals for developing the tourism business. During the next ten to fifteen years, new hotels will definitely appear as they too will get the same inducements. The advantage would be to start as soon as possible and to get a good location for the hotel. Newcomers have to choose from what is available at that time. The best way to compete also in the future is to keep up with the trends, up-date service continuously and maintain the first class quality.

### 3.3 Market and Demand analysis

Market and demand analyses are made to find out how the current marketing acts have worked and to find new ways to market (Bergström. S. & Leppänen. A. 2003, 42-43). Demand is based on the customers' needs and it shows how much commodities the people on the market wants to buy during a certain period. There are different factors in the market environment affecting the demand (Figure 4). The buyers have different needs and desires, which guides their consumption habits and affects the demand. The restricting force is the income and life standard the customer has gotten used to. With small income, the acquisitions are more planned and mainly based on need. With higher income customers can afford to buy more products according to desire. The companies tries to affect the demand with different tactical and strategic actions. The companies can mainly impact the demand by focusing on their products; their features, quality and price. The marketing efforts can intensify the demand, but the competition can and will restrict the impact of the marketing acts. A good and reliable company image is an intangible asset which can help increase the demand and keep it stable. Social facts affects both buyers and companies. Economical difficulties, lay-offs, more strict legislation in marketing or taxation affects all parties of the society. Cultural changes should not be forgotten as the markets gets more global. The habits and customs changes rapidly within the markets, as the population gets more international and the younger population gets accustomed to new ways of life (Bergström. S. & Leppänen. A. 2000, 43-47).

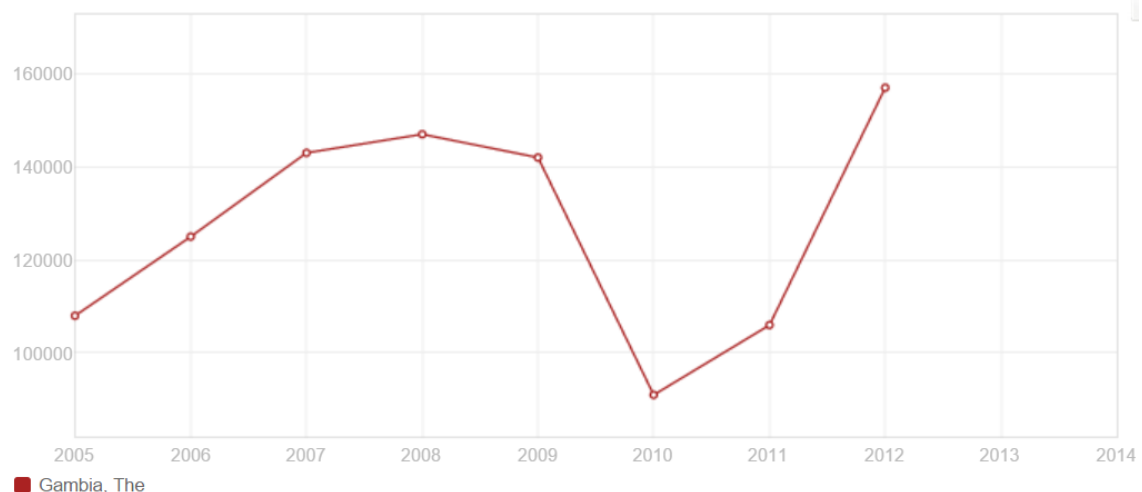


**FIGURE 4.** Factors affecting the demand Bergström. S. & Leppänen. A. 2000, 43).

There are different types of demands, according to who the buyers are. When the buyers are regular consumers and households, it is a matter of consumer demand. The demand is direct as the commodities goes directly to the end consumption. Typical characteristics for consumer demand is that there are a large amount of individual customers in a wide area. If the buyer is a private company or a public organisation, it is a question of capital goods demand. In capital goods demand different manufacturers or commercial companies are buying products for their own production or retail processes. The demand is derived as it is conditional to the consumption and demand of the end-products. Typical characteristics for capital goods demand are a smaller range of customers. The purchases are bigger, there are much more money involved and, therefore, the marketing and sales are more personalized (Bergström. S. & Leppänen. A. 2000, 43-47).

### Analysis:

According to the statistics of the World Bank, approximately 157 000 tourists visited Gambia annually during 2010-2014 and the amount has been slowly rising (Figure 5). The World Bank compiles statistics about international inbound tourists based on information from the border statistics or from tourism accommodation companies. Inbound tourists are travellers that visit other countries outside their own residential environment, overnights but does not stay for more than 12 months (The World Bank. 2014. Search date 9.12.2014).



**FIGURE 5.** Number of arrivals in Gambia annually (The World Bank. 2014. Search date 9.12.2014).

Pucilowski (3.12.2014, Interview) states that annually 3 000 - 4 000 Finns travel to Gambia through their agency. The amount of independently travelling people is not known, but it might be safe to assume that the amount is somewhat smaller or equals the amount of Tjäreborg. In the areas of Kololi and Senegambia there are approximately 65 hotels with a minimum of 2 660 beds (Appendix 5). The start-up hotel will cover a small percentage of the capacity in the area. Depending on the eventual size, the market share would be roughly about 0,75 - 1,5 %. As the hotel would be the only five-star hotel in the area (at this point there are no other five-star hotels), it would be safe to assume that the hotel would be relatively easy to fill. According to Pucilowski (3.12.2014, Interview) most people travelling through Tjäreborg stays on average for a week. Only a minor part stays for a fortnight.

Bojang (Interview, 3.12.2014) believes that the attraction in Gambia lies in the nature and the friendly people. The nature offers a wide range of possibilities for watching wildlife: hundreds of birds, The Gambia river with its variety of villages and authentic sights. The nature is also on Pucilowski's (3.12.2014, Interview) list of Gambia's attractions. The clean sandy beaches with their bars and restaurants offers all sunbathers refreshments during the days and the night-clubs and bars entertainment during the evenings. Bojang stresses that Gambia is a safe place for tourists and that there is no need to be concerned even during the evenings. There is also a more negative attraction in Gambia. The Internet is full of articles and blogs concerning the increasing sex-tourism to Gambia. According to articles in *Iltaalehti* (*Iltaalehti*. 2011. Search date 30.12.2014) and *City* (*City*. 2006. Search date 30.12.2014) women's sex-travels are increasing worldwide. Mainly Western, mature women travel to exotic destinations to spend a holiday with tanned and young toy-boys. Whereas men have traditionally travelled to Thailand, women's favourite choices are Bali, Jamaica, Jordan, Gambia and Senegal (*Rantapallo*. 2012. Search date 30.12.2014). Young men hook up with older women in order to gain financial profits and a more prosperous life and maybe for a ticket away from Gambia. According to *Iltaalehti* (2011. Search date 30.12.2014) the phenomenon can be a major problem in hotels, where friendly tourists have been surprised with knocks on the door and somewhat improper overtures.

The start-up hotel in Gambia could be a good choice for adults with some travelling experience as it offers a variety of authentic possibilities. The African wildlife and nature are unique and the Gambian easy-going lifestyle suits holidaymakers. The Gambia River might attract nature photographers or groups interested in studying the African nature. Small families could be

interested in Gambia, all though families with small children probably will choose locations with more advanced conditions. Older children could find the Gambian culture interesting and enjoy safaris, boat trips and excursions in the wild. As the hotel will be relatively small and situate directly by the white sandy beach, it would also offer a tranquil resort for honeymooners. The newlywed can relax after the wedding commotion without any disturbances. The services are just a short walk away, but if privacy is required, the room service will be conveniently available. For couples dreaming of a memorable wedding, there might be possibilities in offering wedding packages. International business and trade are increasingly integrated into the educational plans and many schools or classes might be interested in school trips to Gambia. The country provides excellent surroundings to study biology, geography, economics, sociology or philosophy. Trips to local schools would open a different understanding for the inequality between nations. Learning about different cultures and religions would also increase the tolerance towards others.

Marketing works mainly through the Internet and tour operators. Both channels are excellent ways to reach the customers. The use of mobile services will definitely be the most efficient way. Co-operation with web operators like Hotels.com or ebookers.com will be useful, but there is always the threat of getting lost in the crowd. There are an enormous amount of hotels in the sites and the odds of popping-up is quite small. Co-work with tour operators will increase the probability of being noticed. The operator's brochures offers a more narrow selection of hotels which limits the customers' choices. It is easier to be chosen from a dozen hotels than from a hundred. For a small resort these marketing channels might be enough, but as the competition grows it will be important to cover different approaches in the marketing. All "traditional" ways like Facebook will be useful but a more personal approach could be effective. Marketing straight to schools for international business could bring groups to the hotel but it could also interest students as a training possibility. As part of a training programme there will be silent marketing, reaching different official targets. As a Finnish company the Finnish media might be interest in writing articles or making interviews. A good coverage through for example a respected magazine will help building credibility and the word on the street is a powerful marketing act. The coverage in the media might encourage people who have dreamt about Africa but never had the courage to go. Especially since Finns might find it more safe to stay at a Finnish hotel.



### 3.4 Environmental analysis

As a result of the globalisation the modern business environment is rapidly changing. There are numerous external factors affecting the industry environment and hence the operation and strategies of the company. The purpose of the environmental analysis is to perceive these external factors, their threats and possibilities to ensure the surviving on the changing markets (Kinkki, S. & Isokangas, J. 2003. p.238-240). The environmental analysis studies the surrounding environment (the macro environment): its own industry in particular but also other industries linked to it. The focus is on the present and future operation charting issues that can affect the operation locally, nationally and internationally (Kohtamäki, M. 2005. Search date 13.3.2104). With the help of environmental analyses the company gains valuable information of the prevailing market, its threats and possibilities. The future planning and growth relies on sturdy, reliable and timely studies to help the decision making and rapid reacting on changing markets (Kinkki, S. & Isokangas, J. 2003, 238-240).

According to Kotler (1997, 150-151) is each industry a mixture of different companies. These companies form a large unity in which companies compete and work with another. It is not just the competitors affecting the environment but also customers, co-operators, suppliers or official parties. All different units form forces that affect each other and the movements within the industry. Although these forces cannot be controlled, the companies needs to analyze them to be able to respond to the changes. The rapid globalization brings with it more forces affecting the industries. International banking and financial transactions opens up new possibilities due to developed communication systems. Foreign trade and investments are easier to reach. New rising markets like India and China offers both threats and opportunities as the dominance of old countries fades. The economic growth in third countries brings new consumers to the international markets and the cheap labour costs attracts manufacturers to move complete facilities to for example China. Old socialist countries crumbles and have started privatisation of government-owned companies. With both merchandise and people travelling around the globe is speedy transportation getting increasingly important. Kotler points out six major forces affecting the macro environment: demographic, economic, social, technological, ecological, legislative and political. These forces are usually analyzed separately, but they largely affect each other and the threats and possibilities on the markets.

### **3.4.1 PESTEL analysis**

One of the most used tools for analysing the environment is the PESTEL analysis. It focuses on the external macro environment, the present stage and the future, by analyzing the political, economical, social, technological, ecological and legislative environments. To be successful companies need to react rapidly to the changing needs within the micro environment. There will always be new needs and desires. By reacting to them and offering new solution, the company can gain market shares, make profit and get competitive advantage. By identifying trends the companies can find more possibilities in their operation (Kotler. 1997, 148). A carefully conducted analysis helps in decision making but it also prepares the company for changes in any of the sectors. The better the environment is known, the faster and better can changes be dealt with. Rapid changes in operational strategies might be an advantage. Therefore the environment analysis is one of the key-factors in doing a business plan (Kinkki & Isokangas. 2003, 238-240).

#### **Political environment**

Political factors affect the business environment both directly and indirectly. The government's lines in financial and labour politics affect the industries directly. Political contracts, agreements and conflicts can affect markets globally. For example embargoes, financial sanctions or free trade agreements dictates who, what and where the business can operate. On the other hand, there are factors with political and religious aspects that affect industries internationally without any direct relation to any specific government. Terrorism has a huge affect on laws and regulation on international, national and corporate level. Terroristic acts have changed for example corporate safety regulation in the aviation industry. The threat of terror has changed the governing level in many countries widely. National safety regulations have been more strict, which can cause a restricted entry into countries for people of certain nationalities (Vanhala, Laukkanen & Koskinen. 2002, 116–117).

Political decisions regulates different aspects of the everyday running of any business. The analysis of the political environment can focus on for example the stability of the government, regulations in foreign trade, changes in healthcare or development of the labour politics (Kinkki, S. & Isokangas, J. 2003, 238-240).

## **Economical environment**

Money is power and that definitely is true in business. Money gives people power to purchase commodities. There are different factors affecting the purchasing power: personal income, price level, amount of savings and debts and the credit available. All these factors affect consuming and companies need to follow the trends and analyze the changes (Kotler. 1997, 156). The impact of the economical environment on the company's strategies varies in different industries. The affect is stronger in investment activities or manufacturing companies than in small service firms. The analyses of the economical environment could focus on the development of economic growth, financial market, rates and inflation, economic fluctuation, supply of money, incomes policy, employment rates, disposable income. The importance of the areas, and which points to stress, depends on the industry (Vanhala, S. & Laukkanen, M. & Koskinen, A. 2002, 177-179).

For a manufacturing company areas like financial and monetary development, rates, inflation, infrastructure or labour supply are relevant for the operational planning. There has to be a proper area for the facilities, possibly financial support, sufficient supply of employees and cost-effective means of transport. Depending on the end-product, the supply of consumers could be an important aspect. If the aim is to manufacture at low costs and export the products to other markets, the local consumer structure might be irrelevant. The service branch on the other hand, needs both employees and consumers. Therefore the companies analyses the same environment from different angles.

## **Social environment**

The social environment mirrors the changes in attitudes and lifestyles and has therefore huge impact on consuming (Kinkki, S. & Isokangas, J. 2003, 238-240). When the financial growth increases, people have more money to spend. When the economy revives, there will be more supply of products available and the consumption can move from necessities to comfort articles. With the modern attitudes spreading, people tend to turn their back to old customs and embrace the new ways. Such common things as work and nourishment changes completely. People move from struggling 20 hours a day to get food on the table to working in factories for eight hours. They get more money from that eight hours and that leaves plenty of time for leisure. With more free time, people need to fill that time with something. Consuming can move on to purchasing

services and luxury items: hobbies, travel, dining in restaurants or going to the movies. The consuming habits offers new possibilities for companies in the service branch.

The change from an agriculture community to an industrial community changes the way of living rapidly. Young people move to cities to work, they get independent and build homes. They all need houses, food, clothes and work to support their new way of living. As the supply of employees grows, increases the competition for the jobs. Skilled and trained staff will get the work and the salaries will gradually rise. With the increase in competition, people will aim for education in order to succeed on the market. These new suburban people are motivated employees for any company.

### **Technological environment**

The technological development has a large influence on the business environment. Throughout history of mankind new inventions has brought to an end old ways of doing things and replaced them with new innovations. New inventions will bring with them new competitors and new customers. As the new technology might result to the decline of old businesses and industries, it also offers possibilities for new businesses (Kotler. 1997, 159). As globalisation increases along with multi-international businesses, the requirements of technologies tightens. The competition is fierce and any improvement in the planning or manufacturing process can be vital. There are many different processes involved in production and even a slight improvement somewhere in the chain can increase profitability. The analysis of the technological environment can focus on issues like manufacturing technology, product technology and information technology (Kinkki, S. & Isokangas, J. 2003, 238-240). Information technology is the field that has developed most in the last decades. The development advances rapidly and anyone who can manage to follow that development will have a competitive advantage.

When entering a new market or a new field of business, the technological environment needs to be analysed carefully. What technologies are available on the market? Which suits the company's product and production best? There are many old-school technologies available that might be cheaper to invest in. In the long run, the focus needs to stay on the cost efficiency. If the old technology cannot keep up the capacity, the investment "saved" can cost the company dearly. The IT- industry is growing rapidly and many governments invests in research. For any start-up

company, the governmental support in the product research can be invaluable. Companies not involved with manufacturing are equally dependent on different technologies in their operations. Computers, telephones, networks and programmes are continuously updated. The services included get more efficient and complex but provides also the company with better tools to serve their customers. The service level and equipments needed must be suitable for the operation: networks or single computers, Internet and the service level, direct telephone lines or call centre, programmes to support the work being done internally or outsourcing.

### **Ecological environment**

The ecological aspects have a strong impact on operational and strategic planning and their significance in today's business are rising. Any field of business needs to focus on the company's effect on the surrounding environment. With international legislation and standards aiming for a more pure environment, aspects like protection of the nature, purity of water and air, reduction of noise, waste disposal and use of land needs to be involved in every company's strategic planning. The ethical values in the consumer markets should not be underestimated, as consumer's interest on ethical values and sustainable development increases continuously. More and more people globally takes an interest in where and how products are manufactured, the use of child labour, use of hazardous toxins or animal experimentation (Kinkki, S. & Isokangas, J. 2003, 239-240). In recent years there have been many different scandals concerning food supplies and they have awakened the ethical discussions further. In China melamine was found in children's formula in 2008 and thousands of children got sick (Yle Uutiset. 2008. Search date 7.12.2014). In 2013 the awareness of genetically modified soy stirred up the discussions of ethical values and health risks (Yle Uutiset. 2013. Search date 7.12.2014). Not to mention the scandal of horse meat found in groceries all around Europe. Today's media brings up issues and gets the message delivered to people faster than ever. Possibly the problems are the same today as they were for 20 years ago, but the difference is that now people are better informed.

The "Green thinking" needs to be implicated in all stages of the strategic planning: how to be profitable and successful but still preserve the nature to the next generations? The topic has been the talk of the century for a long time and it is still a continuously rising trend in today's markets. Everything from recyclable and environmental-friendly materials to ethically produced products - these are the challenges faced by all companies regardless of the industry. Once again the media

has brought attention to many shocking facts, like the use of child-labour in known brands in Europe. For example Nestle and Fazer buys cocoa from the cocoa cartel in West-Africa, which is paying the farmers too low prices and thus enhancing the use of child-labour (Yle Uutiset. 2011, search date 7.12.2014). Or the Swedish chain Hennes&Mauritz using cotton collected by thousands of children in Uzbekistan (MTV Uutiset. 2007. Search date 7.12.2014). Just a few examples of "minor" details that can affect the business and its image. As in the case Hennes&Mauritz, the supply chain was very long and the company defended their actions with the fact, that it is impossible to supervise every process. The suppliers have suppliers, who have sub-contractors et cetera. But still the bad image has followed the company for a long time. The ecological environment is a difficult topic. Most people care about the values, but are the people ready to pay more for their consumption? Some yes, some no.

When starting a new company in a new market, there will be many details to consider. The operational strategies and the values of the company are affected by ethical values like equality, women's rights, disapproving child labour or promoting good working surroundings. There are also national and international laws and rights to consider. As the leading countries has set targets on reducing the carbon footprints, manufacturing companies will also face sanctions for not improving their manufacturing technologies and reducing pollution.

### **Legislative environment**

The business legislation has different purposes. Firstly the purpose is to protect consumers against unfair conduct in the hands of competing companies. Secondly it protects the companies against dishonest competition and thirdly it protects the society against boundless business conduct. The business legislation has become more strict during the last decades, as countries and for example the European Commission has drawn strict definitions concerning business and competition. Companies operation is guided by laws concerning product safety, environmental issues and competitive behaviour (Kotler. 1997, 161). The legislative and political environments are often analysed as separate environments. That fact can be misleading, as most legal issues are based on political decisions. The analysis of the legal environment can be categorized into three sections: the legal environment in the home country, the legalities in the host company and laws and regulations affecting the relationship between the two countries (Czinkota & Ronkainen.2004, 131). A recent example of the third party's influence is the current situation in

Ukraine. International sanctions restricts the trade with Russia and particularly Finnish dairy producers have made great losses.

The legal environment of the operating company will affect the business operations and it needs to be taken into consideration in the strategic plans. The host country has laws regulating business, ownership, income and taxation, labour, entry and residency et cetera. There might be regulations concerning foreign investments or owning and building property. The local labour and business laws might differ significantly: registering the company, liabilities, contracts or restrictions in employing expatriates. Not only the host company's legislations affects the business: the home country might have own restrictions in exporting, importing or product safety. Environmental protection taxes might be implemented on hazardous chemicals or products that are difficult or impossible to recycle. Particular features in for instance Scandinavia, is the governmental monopoly in alcohol production, marketing and selling. Any company trying to enter the Finnish market will face difficult barriers. The strategic planning has to take into consideration all processes involved in the operations and analyse the laws involved. Every detail from licences and permits to employer taxation and liabilities towards employees. Many countries have statutory pension and social security plans or wages can be strictly governed by authorities.

### **3.4.2 Conclusions**

The Gambian environment offers different possibilities and challenges for investors. For the hotel business the country is a possibility. As the government tries to enhance the development of the tourism industry the right time to invest is now. Politically Gambia is dubious: the authoritarian government can change its course of actions any time and the legislation might not be there to protect foreign investors. However, the country has been stable for a long time and has shown a genuine interest in developing the country. The shape and size of the country limits the possibilities for production plants and agriculture, therefore the tourism industry is an important field for increasing economical growth and financial stability. The government supports the development in the tourism branch, which will help the start-up hotel business enormously. The exemption from company taxation will enable the company to invest more in the business, as the first years will be the hardest. As the building land will be given to investors, the initial investment will be reasonable. All though the bureaucracy and corruption takes time and effort to conquer, the aid from the Gambian tourism development officials will help the process. The corruption

might not be completely avoided, but at least the procedures and fees might be bearable. At least at the moment, legislation protects the investments and property of foreigners and guarantees that the government will not expropriate them.

As stated earlier, the Firm will not need any financial investments from outside parties, as the capital will come from the owner themselves. The economic situation internationally is unstable and it would be risky to take large loans and mortgages. According to Sormunen (23.11.2014, Interview) it is not advisable to take any loans from Gambian banks, as the interest rates are very high. The Finnish Ministry for Foreign Affairs does offer some support for investments in developing countries, but tourism industry is not included in the areas which are supported. The global economic recession will affect businesses for many years and it is safe to presume that the start and growth of the hotel operation will be slow. The employment rates in Gambia are high, therefore there will be no problems finding staff. The biggest problem will be to get customers. The recession affects most countries and will therefore also affect the consumption of luxury items and services such as travels. The small size of the hotel operation will probably help ensure the profitability of the hotel. The economic slump will influence the choices of destinations, as customers will choose more affordable destinations and places. Gambia is cheap, the travelling time does not differ much from travelling to Asia and as a new destination it still has that charm of novelty.

The social environment changes rapidly also in development countries. Gambia is a poor country and the vast majority of people have been getting their income from agriculture. The consumption has been based on necessity only. As the country develops, new industries gain ground and offer different opportunities for the people. The service industry in Gambia is growing and offers a variety of work for the young generation. As people move from the countryside to the cities, their way of life changes for good. The work is more light than the agricultural work and the time spent thereon is shorter. There is more time, demand and money for education and training which develops the service quality further. Skilled and motivated staff is easier to find as people want to improve their standard of living. The development will eventually raise labour costs and increase the general price level. The social changes in developed countries moves in similar circles: the work takes up only a fragment of the daily time and people have more money to spend and more leisure time. As the life standard grows, people like to spend quality time! More money is spent on leisure travels and activities. The destinations change from the traditional safe locations to more



exotic and extreme. Although the older generation and families with small children might still choose the safe and familiar destinations like the Canary Islands, younger people chooses more adventurous destinations. Gambia could be a potential market for everyone seeking adventures and something new. It will still take years for the country to develop into a top-modern society. Until then the country can offer authentic scenery, wildlife and activities. The difference in standards of living can also influence the social environment in development countries negatively by raising different side effects. In some countries beggars tend to follow tourists trying to benefit from their fortunes. In some countries beggars are a huge problem as it seems that organized crime is involved. Tourists shy away from countries with too many beggars and unfortunately pick-pocketing seems to increase with the begging. As previously stated, Gambia has ran up against the sex-tourism. Poor Gambians tries to benefit from tourists to improve their standard of living. According to many websites especially women travel to Gambia for sex. This is a negative development which can affect the further development in the tourism branch and increase social inequality.

The hotel business does not require big technological investments but time changes also the procedures in handling a hotel business. The biggest investment in technology is the computer system with its Property Management System (PMS) and sufficient Internet connection. The whole operation is managed through the PMS: reservations, sales, housekeeping, reception, restaurant, purchases, staff and administration. The sales department gets up-to-date information about the reservation situation and can aim marketing actions to strategic targets to keep the full capacity. The reception uses the system to log in customers and organize the accommodation according to reservations. The housekeeping department gets information and schedules about their duties: cleaning, special requirements and all changes in the accommodations. For honeymooners the hotel might offer a welcoming champagne and fruit basket, or families might need a spare bed for their infant. The restaurant can prepare breakfasts according to the amount of lodgers and gets information about special requirements and orders. For instance allergies or special festivities might need special planning. The administration can follow timely reports concerning sales and plan work schedules. In-house purchases can also be managed through the system according to the stock balance.

With the global warming threatening the ecological balance, the ecological issues are getting more and more important. Gambia has strict laws to protect the nature and wildlife and these

needs to be taken into consideration in the operational planning. According to Neuvonen (9.12.2013, Interview) the hotels on the beach cannot be built higher than three stories. This is to protect the coastline from being overfilled. The cutting of trees is restricted to protect the forests and the land from corrosion. To obtain the green values the hotel aims to fulfil, the hotel's operation has to follow ecological values throughout every process. The building will be on the beach, which means that there will be a maximum of three stories. The building material will be environment friendly; as wood is rare in Gambia, the hotel will be made from bricks and stone. The electrical supply will rely on solar power as much as possible. In the future, there might be opportunities for wind power, but until then the solar system will be the primary choice. According to Daily Observer (search date 16.12.2014) is waste disposal one of the greatest problems in Gambia. As the municipal authorities lacks tools to take care of the problem are garbage left laying around. That is a major threat for the nature and for human, as the waste attracts all sorts of disease spreading insects and rodents. The hotel will build a own recycling point for recyclable products and a waste disposal system using the available systems to the maximum. There might be possibilities for Finnish companies in waste management and hopefully the problem can be solved.

The hotel will focus on electronic services as far as possible. The reservation system could be electric and operated on touch screen technology. That means for example logging in online instead of using old-fashioned paper forms, using key cards as keys and in-house billing. The key card can serve as form of payment: all purchases will be added to the room account and paid on departure. The key card can also serve as a "ticket" for excursion purchased at the hotel and operated by partnering companies. That reduces the amount of unnecessary paper and also reduces the risk of lost tickets. For example transport companies use an electronic device to sign for deliveries: something similar could be used for the signing in on tours. Invoicing and bookkeeping will be electronic, which cuts down the use of paper enormously.

All supplies will be environment friendly: food will come from the near-by farmers as much as possible and the hotel will try to affect the use of pesticides. Organic food will be preferred. Housekeeping will use non-toxic detergents and aims to minimize the unnecessary use of towels and linens. There is a limited source of clean water and many African countries cannot offer their citizens pure drinking water. Therefore the hotel aims to raise the awareness of that fact and encourages the customers to limit unnecessary use of water. All partnering companies offering

different services will be committed to following the green values. Natural resources will be respected regardless of the service.

### **3.5 Summary of the starting point analyses**

After analysing all different aspects of the hotel business in general and the Gambian market in particular it is time to summarize the analyses. The Firm has all the necessary qualities to start the hotel business in Gambia and the resources available are adequate. The Firm has both business and managerial skills and training. The accountant agency in Finland has been running for over a decade during which the managerial skills have improved. With two companies started and operating in Gambia, the knowledge of the Gambian market has increased. The connections in Gambia are valuable assets in the business operation and with personal relationships the running of the business will be smoother. The cultural differences and conduct has already been familiarized and unexpected events will not come as a surprise. With the financial means available without loans from financial institutions, there will be minor threats of financial losses.

The political and legislative environment in Gambia is favourable for foreign investments. With the support of the government there should not be any obstacles preventing the process. The process for registering the company (appendices 6, 7 and 12) is already familiar to the Firm and they have local assistance if needed. Mr. Musa Bah, Director of Investment Promotion & Facilitation Gambia at the Investment & Export Promotion Agency has been a valuable help in the earlier business ventures and will undoubtedly assist in the future as well. The construction work of the hotel can start when the land has been allocated (appendix 13) and all licences are cleared (appendix 9). During the whole process the Firm can also rely on the help of country director Mr. Salomon Bojang. With his help all official matters can be handled efficiently as he knows the local customs. The planning of the hotel can start immediately if necessary, as the architect or building engineer will be Finnish. After having the plans approved by Gambian authorities the construction can start. The unemployment rates are quite high in Gambia, therefore it is safe to assume that skilled staff will be available. As stated before, that the labour and building costs in Gambia are relatively cheap.

The government has ambitions to increase the Gambian life standard and economic growth by focusing the development on special areas, tourism industry being one. The start-up hotel will get

exemption of company taxation for the first two years, which will be a great asset building up the business. That gives the hotel time and more capital to invest in the operation and marketing, as the first years will be the hardest. Gambia is mildly known as a tourist destination but as the statistics from the World Bank shows (search date 9.12.2014), the amount of tourist has slowly been increasing. The start-up hotel can provide services in the Senegambia area which no-one has offered so far. That will be a great competitive advantage as it is assumable that most of the segments targeted will prefer quality accommodation. As Sormunen (23.11.2014, interview) has stated, the local standard is far from the standards in most tourism countries. With top-quality accommodation and services the hotel will differ from the competitors. To maintain the same standard throughout the whole service process the hotel has to keep the staff motivated by offering internal training and promotion possibilities. As local partners will be needed to supplement the different services, the partners needs to fill the same quality standard as the hotel. The quality consists not only of the service itself but also of the environmental attitudes and acts. Not only are there legislations to protect the natural environment, but the nature is one of the greatest assets Gambia has to offer. The eco-tourism is a new boosting trend and it is highly supported by the Gambian government.

The demand for travels in Gambia has been consistently growing during the past years. All though the demand might be hurt by the Ebola epidemic, the fear will fade with time and people will find Gambia again. The target groups for potential customers presumably have experience in travelling and will not be shun as easily as inexperienced travellers.

## 4 RISK ANALYSIS

Business is always a risk. The main purpose of any company is to make a profit. To do so, the company has to take calculated risks on the market, yet there is always the threat of failing. A clear and realistic view on the potential risks and how to react to them, will help operational and strategic planning. It can also be a competitive advantage (Kinkki, S. & Isokangas, J. 2003, 122-123). Risks can be categorized as external and internal risks. The external risks are threats coming outside of the organisation, threats that might affect the company in the future. Internal risks comes from inside the organisation (Hoffrén, S. 1990, 54). Statistics think of a risk as the probability for something to happen. Corporations can calculate the probability of a project to either succeed or fail. Corporate risks are divided into different categories. The essential point is that some risks, can be transferred to other parties by binding contracts. Other risks needs to be carried by the company. Risks that are transferrable by contracts are usually related to damages or losses. Those risks can be prepared for by insurances. Business risks are linked with the operational activities of the company. They increase when the profitability of the company drops. Incidents like damaged goods or broken equipment have a direct impact on profitability. In practice, business risks cannot be prepared for with insurances (Kinkki, S. & Isokangas, J. 2003, 122-125).

Business risks can be divided into technical, social, economic and political risks. Technical risks are linked to all technical parts of the operation, for example a failure in the production technology. If the company starts using new machinery and the process fails, the income will be threatened and the investment might cause great financial loss. Social risks are linked to the persons and personnel of the company. The social environment might be disturbed by bad atmosphere which affects the productivity of the company. Strikes might occur and cause a standstill of the whole company. Economical risks are linked with the profitability; decreases in demand or supply will rapidly make the turnover drop. Political risks are connected with decision making by authorities. In democratic countries changes rarely happens overnight, but the political events elsewhere is difficult to forecast. Political changes like war or military coups in the partnering countries might cause irrevocable damages to the company (Kinkki, S. & Isokangas, J. 2003, 124-125). The latest example is the Ukrainian civil war: it has threatened the financials of many Finnish company's, for example Valio.

Financial risks are connected with the structure of the company's capital. Companies that have a solid base of own capital compared to borrowed capital faces minor financial risks. In case of interest rates rising, the company can still manage the payments and sustain a healthy business operation. On the other hand, companies with more loan capital than own capital faces a high risk of financial imbalance. As borrowed money usually means interests and instalments, can any shrinking of the profit cause financial difficulties (Kinkki, S. & Isokangas, J. 2003, 124-125). When the instalments of the loans increases, the business operations might be threatened.

Personal risks can be categorized either as a business risks or damage risks. In both cases the risks are connected with the personnel of the company. There is always a risk of losing key workers, either to the competition or due to injuries or even death. The person jumping the ship and leaving to work for the competitor might leave with vital information and a huge amount of knowledge. That knowledge might be irreplaceable, especially if the person in question was solely responsible for a certain process. The threat of information leakage to the competitors can also occur due to espionage, human error or insufficient security. Recruiting processes can be long and the outcome is not always positive. Screening the applicants for the best possible choice is challenging, as everyone tries to give the best impression during interviews. Recruitments always bares with them the risk of bad decisions: the wrong person in the wrong place, can cause irrevocable damage. Inexperienced or unmotivated sales personnel can cause damages in relationships with good customers or to the image of the company and product. Management risk runs high particularly in big companies: unprofessional management might not be up-to-date on their responsibilities and can ruin important contracts (Same). Where as in small companies errors are easier noticed, incompetence might be buried in big organisations.

The company can and should protect the operation against property risks with extensive insurances. Usually the property risks are connected to the company's property like offices, warehouses, equipment or stock. There are a number of possible threats against the property, for example water damage, fire, burglary, earthquakes or sabotage. As the damages many times affect the operation and hence the profit, it is crucial to have a realistic risk management and covering insurances. Logically one of the biggest risks in connection to property damages is the interruption on business operations. Fire can destroy the production facilities and cause the production to stop. All damages cannot be covered with insurance. If the interruption is due to suppliers or subcontractors, the risk is carried by the company. If a major subcontractor falls out

of business or gets financial difficulties, the replacing service or product can be difficult or impossible to find fast enough. Particularly, if the products are very specialized (Same).

As companies are liable for their actions and their products or services, the liability risk is a constant follower. Liability risks can be divided into operational liability, product liability and environmental liability. They all can cause the risk of compensation claims. The company is primarily liable for its actions and everything related to it. That means, that if the employee makes an error or is negligent, the possible damages caused thereby are the company's responsibility. However, only if there is a direct link between the neglect and the damage will the claims reserve occur. As the company is liable for all products and services they offer, they bear the responsibility even for damages where the company has not been negligent. All companies faces the environmental risks at some extent and are responsible for their actions damaging or polluting the air, soil or water. Particularly manufacturing companies faces the environmental risks profoundly: production residues, poisons or other dangerous chemicals might end up in the nature. The company is strictly liable for these events even if it has not been negligent (Kinkki, S. & Isokangas, J. 2003, 125-126). As environmental damages are many times large scaled and affects not only the nature, but human welfare as well, all companies are advised to evaluate their operational risks and prepare a risk management plan.

The modern companies are excessively dependent on streams of material and information, many of which needs modern technology. These streams all bares with them different risks that can cause either short term or long term damages to the companies. The stream of material is connected to the transportation risk. There are many possible risks involved, some predictable and some unpredictable. There is always the change that the goods might not get delivered to the receiver at all or is badly late. Some material might be missing or the goods is damaged, which either means it cannot be used at all or the quality is poor. Poor quality material can affect the end product and thereby the profit, if it is against the safety regulations. Material delivered at the wrong time or to the wrong place can cause risks of delayed production or storage insufficiency. If the essential material is delivered too late and the whole production stand still, there is huge damages to profitability. On the other hand, if the material are delivered too early there might not be enough storage space. Material stored incorrectly runs the risk of getting damaged. Today's technological information increases the information risks. More and more data is being stored and transported in different networks, with hundreds or thousands of users. The risk of vital and secret

information to reach the wrong hands increases, with each person accessing the information. Even with strict safety precautions networks can fall due to technical errors. Without a proper back-up system, information might be lost. Technical errors might damage complete systems, programs and information. Today's technological society is specially vulnerable for security breaches. Intentional vandalism is a global problem; hackers can break through firewalls, steal information or spread viruses. Unpredictable risks affecting both material and information streams are disasters and accidents. Earthquakes or other disasters can totally devastate or damage businesses: buildings and infrastructure collapses, people gets injured or dies. Accidents might happen inside the company, like fire that destroys the storages, but also outside unexpectedly. Transportation units might get into traffic accident or the vehicle breaks down (Same).

In democratic countries societal risks rarely affects companies over night. All decisions and law enactments made by authorities are usually publically discussed and announced in advance. That gives companies time to prepare for changes in taxation or other regulations concerning the business. EU standards and legislations goes through very much same procedures as national laws, therefore the affects can be provided for (Same). The biggest risks lies in operating on less democratic markets. If the government is based on the opinions and decisions of one person and the citizens participation is prohibited or limited, the country's decision-making is most unstable. The legal standards can change overnight and the companies might lose the right to operate, taxation might get heavier or export and import might be restricted.

Globalization has brought about new challenges. According to Parker, the risks involved are different to the ones in for instance Northern Europe. One of the major risks in international business are the political risks. Traditionally the political risks have been thought to involve only the political decision-making. These days, however, it has been recognized, that political risks includes both social and political decisions. The governments decisions are influenced by different aspects, for instance religious beliefs and morals. These combined with authoritarian governments can cause distorted senses of justice, misuse of power and violation of individuals rights. Corruption is many times the inevitable result of societies with authoritarian governments and the effect intensifies especially in poor countries (2005, 468-469). Transparency International is an international movement that has been fighting corruption since 1993. The organization releases annually a Corruption Perceptions Index, which shows the result of corruption globally. The index scores countries on the scale from 0 (highly corrupt) to 100 (very clean). According to



Transparency International is corruption "the abuse of entrusted power for private gain. It hurts everyone who depends on the integrity of people in a position of authority" (Transparency International. 2014, search date 29.11.2014).

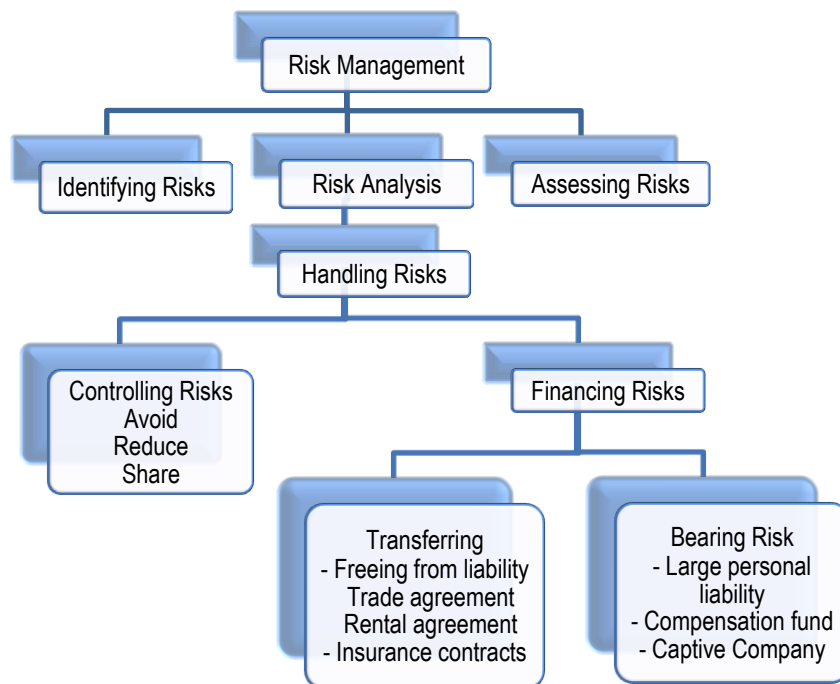
Another typical risk in global business is the currency risks. Where as in the United States, or most of Europe, there is one single currency, international markets has hundreds of different currencies. The fluctuation causes problems, as the value changes from day to day. Unstable currencies tend to fluctuate more rapidly and the inflation affects profitability. The prices can either drop or peak during the night and cause big companies to either lose or gain millions. Parker (2005, 469-470) lists different advice to minimize the influence of currency fluctuation. Some industries might benefit from using bartering to reduce the risk of losing profits due to exchange. All though the practicality in bartering might be disputable. Most international companies use financial instruments as tools in different hedging strategies. The tools can vary from legally binding contracts and agreements for future actions to documents with monetary value, such as drafts or bonds (Business directory. 2014. Search date 30.11.2014). Other useful ways to minimize the risks in currency exchange are currency-swap agreements or short term payments. If the payment time is 90 days, the currency changes during that time can differ intensely. By shortening the time to for example two weeks, the changes will not have the same impact. Foreign exchange contracts are also commonly used: pegging the currency to a more stable currency keeps the currency changes at a reasonable level. For example the US dollar or Euro have been rather stable and the inflation quite low (Parker. 2005, 470).

One risk many underestimates in risk management is the risk of violence. Although a prolific risk also in domestic business, the risk increases in international business. Especially when dealing in areas volatile for war, political conflicts or with strict religious codes of conduct. Parker states that the increase of workplace violence includes different aspects: changes in an individual's social-support system, shrinking labour-market opportunities and changing societal values. Violence seems to grow when stress factors increases. Lay-offs, heavy workloads or understaffing can be factors that causes violence to abrupt. Managing violence should be included in company strategies and it should offer tools how to deal with stressful and unexpected situations. Many American companies have had to make strategies to protect their management on foreign assignments. The amount of kidnappings have increased, not targeting only employees of the company but also their family members (2005,474-475). When taking into consideration the rapid

changes in global business and in the modern lifestyle, the clash between modern and traditional ways can cause many problems. Religious conduct follows individuals and that can be seen in for example attitudes towards women and children.

## Risk management

The purpose of risk management is to guide the operational activities in such manners that the odds of risks happening is small (Kinkki & Isokangas. 2003, 126)



**Figure 6:** Risk Management (Kinkki, S. & Isokangas, J. 2003, 372).

Risk management should, however, include guidelines how to react and deal with the risks, if they becomes reality. As seen in figure 6, risk management involves different stages of analyzing and planning. When the risks have been identified, they need to be analyzed and categorized. Can the risks be transferred to a third party, for example an insurance company? There are many statutory insurances involving business operations, like insuring the staff for accidents or property insurances. But when it comes to dealing with the operational risks, the details might be less obvious. It might clarify the big picture to chart the different processes and their sub-processes. Identifying the actions and operations involved in each, will also help identifying the risks.

## **Conclusions:**

As stated before, business is always a risk. This hotel business involves different stages and multiple risks. Although the Firm has experience in business, they have minor experience in international business. Furthermore Gambia is a development country with different laws, regulations standards and conduct. To fit in and learn the customs will take time - and cost quite some money. While building up the operation there must be a representative on the spot and that includes being absent from the work in Finland. When the manager is in Gambia, who runs the business in Finland? Will there be a professional and reliable substitute or will the company's operation suffer? There is a risk of losing customers to the competitors and hence losing profits.

The positive thing in the project is the fact that the Firm has started two businesses in Gambia and has gathered experience in that field. Sormunen (Interview 23.11.2014) stated that the process had been very complicated. Had it not been for the help of Mr. Musa Bah, Director of Investment Promotion & Facilitation Gambia at the Investment & Export Promotion Agency, the companies would probably never have started. One could, however, expect the next time to be easier. The risks involving the starting and registering of the company connects mostly to the slow bureaucracy and the corruption. According to Sormunen, the process was painfully slow as different agencies had no contacts with each others. It took time to run between the authorities and, as foreigners, the fees multiplied - all though there is a so called official price. But considering the fact that the government wants and needs foreign investors, there should not be a risk of the business to be dismissed.

The construction process from getting the building land, permits and licenses to building the hotel could be a long process. As mentioned earlier, the government needs foreign investors, so it would seem that there would not be problems to get building permits. Once again, the corruption of officials probably will be the main problem. Fees and charges might be considerably higher than for Gambian operators. Furthermore, bribery might be expected to speed up actions. Without any inducements, schedules might be drawn out. At the moment, the building land will be donated by the government, but as the project gets prolonged, will that be the case also then? What guarantees, that the land will be available in five or ten years? The legal aspects might have been changed or the land has been offered to someone else. Presuming, that the company keeps to the schedule and the project starts within five or ten years, the costs will probably be

different. The estimated building costs for the structure of the hotel is approximately 20 000 EUR today - how much will the prices rise until the project starts? Not only building material but licenses, taxes and labour costs. Assuming that the project starts in scheduled time and the costs are bearable, the next risks involves the planning. The company has plans to use Finnish expertise in the planning, but will the architect be in the know of all legal issues involved? The local authorities must accept the plans - once again, money might have to change hands. There is also a risk of more strict regulations being implemented on foreign companies. The construction requires professional workers and with the unemployment quite high, it should not be a problem to get staff. The main problem, however, is to get professional staff that brings about quality workmanship. Any defects in the construction could have disastrous consequences. As for the building land, environmental legislation might have gotten more strict. At present the location for hotel is directly at the beach. If the environmental laws have restricted building, that might mean the relocation of the project.

Applying for electricity, telephone and Internet will probably be a one of the more simple procedures. According to Sormunen is the procedure quite simple, but time-consuming. Official fees (appendix 10) are set, but as stated before, can change for foreigners. When it comes to the interior of the hotel, there are new risks involved. The acquisition of the material will not be a problem, mainly a matter of finance and finding the right suppliers. As the equipment and furniture will be exported from Europe, the major risks involved are transport risks. The goods might get lost, damaged or delivered incomplete. All though there are insurances covering most damages, there might be damages not covered. Most European forwarding agencies can help with details and that could lower the risks in export procedures.

As there are quite a high unemployment rate in Gambia, there should not be a problem to get personnel for the hotel. English is widely spoken, as is French, and that is a positive point for tourists. Services forms a large part of Gambia's GNP, yet most people are working within agriculture. Will there be enough professional staff at hand? That includes both management and workers. There will be a need for internal training to ensure that all the staff is acquainted with hotel policy. Well-trained, experienced and educated personnel can faster get prepared for the tasks and shortens the time needed for preparations. As mentioned before, Internet is flooded with comments and articles of the sex-tourism. Staff members have been known to offer their services to guests in different hotels. That is a major issue that should be handled from the

beginning with strict rules. As the local rhythm of life is very easy going, by European standards even lazy, the requirements for the management are higher. Will there be professional enough management? The management needs to be reliable so that the operation of the hotel can be left to them. Legal issues involving business and labour will probably be the biggest risks involved. As Gambia is a development country with authoritarian government, there is no guarantees that legislations remains the same or gets improved. Whereas the government promises tax exemption for the hotel today, will the promises hold? There is always a risk for foreign companies of being overtaxed. In the international corruption index 2013, Gambia is ranked on place 127 out of 177 countries. The officials do have the means to extort by threatening with sanctions and fines.

As a destination for tourists, Gambia is exciting, not worn-out by millions of tourists and has authentic nature and culture to offer. According to Pucilowski (16.11.2014, E-mail), the annual amount of Finnish tourists travelling to Gambia has remained approximately 3 000 - 4 000 for a few years. As Tjäreborg will not offer chartered flights to Gambia next winter, it will be difficult to estimate the changes in volume. It is safe to assume that the main reason for the decline in demand is the Ebola epidemic. The risk of deceases and epidemics is one of the major risks affecting the future demand. As in tourism industry everywhere, if the customers do not come there will be no business. The epidemic risk is impossible to avoid, as long as there are no vaccination available for life threatening deceases. The risk can be eased with timely information about vaccinations and ways to prevent deceases. Europe has gotten accustomed to a relatively safe environment, hence any country with different epidemics is seen as threatening and dangerous. All though there rarely occur any epidemics in Europe, people here has gotten a reminder of them in the form of swine flu and bird flu. The recent reports of the plague is a reminder, that even old and seemingly perished deceases can return and not even Europe is completely safe. These events might force Europeans to evaluate the safety of their environment in a new way. Probably many more will think that anything can happen anywhere and by using common sense and taking proper precautions, it is relatively safe to travel almost everywhere. When attitudes changes, Africa with its different supply, will be a potential choice.

All risks cannot be avoided but they must be identified and planned for. Customers cannot be forced to come, but by offering interesting and good quality service there will always be travellers. As the climate in Gambia is relatively pleasant, beaches nice and clean, it will be an interesting

destination. As all destinations faces the same risks of not getting enough customers, a properly made, timely marketing plan is vital. A good way to specialize in the hotel business, where most services are alike, is to keep up the best service level and offer different excursions and events compared with competitors. As the hotel will be quite small, there will not be room for big groups. On the other hand, it would be a perfect get-away for couples or honeymooners. It would be advisable to try to get a contract with a tour operator. For example Tjäreborg could be a good companion. It could be an advantage to market the hotel as Finnish owned - and possibly ran by Finns. As Gambia is a quite new market for most, Finnish people would probably feel safe if staying at a fellow countryman's hotel. Contract with tour operators could also prove profitable, if the inflation rates fluctuates. The contracts should be pegged to Euros or dollars, which protects the company from losing in currency exchange.

Preparing for company risks includes the same procedures as everywhere else. All insurances must be up to date to cover all property and personnel. The natural environment rises different risks to the buildings: rain, storms, salt, constant heat and sun during the summer, just to mention a few. Storms can bring the roof down and damage the whole structure. Sun will fade paint and salt will cause corrosion damages. Insurances will also cover for damages caused by fire, vandalism or burglary. The political risks on the other hand, cannot be prepared for with insurances. Gambia is a dictatorship and that is a major risk in the future. As Sormunen noticed herself, the government can do anything. There have been cases where the President decided that some certain plot had to be reserved for the children, and with no prior notice, the hotel on the spot was demolished. The owners were Gambian, but who can guarantee that it will not happen to foreigners? Any day the government can set new regulation on taxes or other fees. There is not much to be done in those cases. The only way to protect the business is to prepare the operation in a way that assets will not fall into the wrong hands. Globally the risk of terrorism is increasing and that might be one of the biggest fears people might have. A dictatorship in Africa with war and disorders in neighbouring countries is due to raise security questions. What can be done to ease these threats?

For the every-day running of the hotel the risks involves mainly the personnel. By thorough training, the risks of unprofessional staff can be avoided. Management skills can be kept up with education and a skilled management minimizes the risks of conflicts. The risks of strikes could momentarily keep worker away from work and plans should be made for substituting the staff

until the strike is over. The hotel will probably have to work together with local partners to ensure certain events or excursions. There might occur disagreements in terms or fees, if there is not a binding contract. The partners might cancel the excursions for no reasons and customers do not get what they have paid for. Safety precautions might be neglected or the service substandard.

## 5 CRITICAL SUCCESS FACTOR (CSF)

Every organization has a mission that describes why it exists (its purpose), where it intends to go (its direction and goals) and with which strategies it plans to achieve these goals. The mission reflects the organization's unique values and vision. Achieving the goals requires the participation and skill of the entire organization. The goals and objectives of every staff member must be aimed toward the mission. However, achieving goals and objectives is not enough. In order to achieve the goals, the organization must perform well in all key areas on a consistent basis. These key areas are unique to the organization and the industry in which it competes and can be defined as the organization's critical success factors (CSFs) (Caralli, 2004).

When establishing a company on a new market, it is not enough to focus on the superficial aspects of business and operations. Everyone can make good plans but a good plan on paper does not automatically grant success. The planning needs to dig a little bit deeper and figure out what those special small key points are that will help the company succeed. The CSFs vary in different industries and markets. Earlier in this thesis we have analyzed different aspects of the business and those analyses can be used also in defining the CSFs. The different forces affecting the CSFs can be found in the internal and external environments: operation, organisation, management, competition, customers et cetera (Beh & Joel. 2013, 495- 500). The issue is to define the most critical goals and objectives in each area and recognize the greatest problems and obstacles involved. Once the most vulnerable parts of the operation are revealed, the CSFs can be identified (Caralli, 2004).

Focusing on the hotel business in the Gambian market, the internal CSFs are probably the same as in any other hotel business. The external environment is the aspect that changes most in different areas and branches. Bojang (Interview, 3.12.14) reckons that one of the major factors is location. The hotel needs to be on an attractive spot and near enough to reach all necessary conveniences and services. Good service and professional staff will be key issues in getting satisfied customers. As Mr. Bojang commented: "If you come to Gambia once, you will come again": it can be considered a success, when guests return. A different variety of excursions will be an asset, especially if they are organized from the hotel including transport and guides. There



are many small operators renting boats, offering safaris or other day-trips. Reliable tour organizers with professional and skilled guides would be a safe option.

All companies, regarding of the field of business, faces the same kind of internal CSFs. The operational management needs to be up to date on their tasks and responsibilities. A poor management can make a good business fail, whereas a good management can make even a worse idea blossom. To keep the business running the staff needs to be satisfied and well-trained. Any kind of conflicts will reflect on the work and to the quality. A continuous training programme and possibility to move to other positions will keep the staff motivated. It will also keep the well-trained staff from moving on to the competition.

The environmental CSFs in Gambia differs from many customary tourism areas. Africa is an old continent and people have made safaris and expeditions there for hundreds of year. Gambia has been discovered centuries ago, yet it still is a new destination for tourist. As a location it has a lot to offer: exotic nature, friendly people, authenticity and warm weather. As the life standard continuously grows globally, there will be more and more people who can afford to travel. As the experienced tourists already have seen what Europe and Asia has to offer, they will want new experiences. There lies the possibilities for new markets like Gambia.

Networking is one of the major CSFs in marketing! No matter how great the quality of the hotel is, it will not sell itself. Internet marketing is the modern way; there is no denying how forceful a media it is. Proper websites and hotel information in travel sites will reach the potential customers rapidly. However, there are a large amount of people annually travelling with tour operators. It would be a great opportunity to get contracts with major tour operators. That way some of the marketing will be dealt with through their web sites and brochures. As Pucilowski (23.11.2014, E-mail) said, the standard in Gambian hotels varies and the standard ratings cannot be trusted. Therefore a more reliable standard issued by authorized parties will help promoting the success of the business. The CSFs concerning the start-up hotel business in Gambia, could be identified and categorized as in table 5:

**TABLE 5.** CSFs in hotel business in Gambia

<b>Phase 1: Planning and Construction</b>	
CSFs	Facts affecting the future success needing to be considered already at this stage:
	- Attractive location
	- Flexible logistics
	- Licenses and permits in order
	- Professional planning
	- Good quality material
<b>Operational guidelines:</b>	
Choose the location according to the company's strategies and segmentation. Location should be easily reached by customers partners, material and by staff.	
Ensure a flexible transport route, taking into account time and distance. Customers will appreciate a fast access to the hotel. Deliveries of goods, such as food, will need a quick delivery time to prevent perishing	
By ensuring that all needed licences and permits are cleared, the risks of delays in construction and planning will be minimized. Choosing good quality material and professional staff, the risk of construction defects or collapsing will decrease.	

One of the three most important CSFs in the hotel business is choosing **the right location**: it is one of the key factors for success. Logistically it requires a lot of planning to ensure all possible means for success. Easy access by air, reasonable distance and transport to the hotel will be important for success. The duration of stays might differ from a short stay to many weeks, therefore, it is essential to have enough activities at reach. For hotels situated further away from the city or village centre, transportation needs to be flexible. To ensure an efficient and wide range of services it might be prosperous making deals with local parties. Native partners have a better concept of what the region has to offer: what to see, where to go and what to do. Safaris and other outdoor adventures require environmental knowledge and, most of all, high level safety procedures. The partners needs to be chosen carefully bearing in mind the standard requirements. To keep up with the service standards of a five-star hotel, all the partners and co-workers needs to be involved in the planning and development of the services. That would mean discussions and planning as a team, to ensure that the level of quality stays the same. Training, practicing and scheduling will ensure that all aspects of the services are covered. For any kind of business, the personnel is a major factor. To have well trained and professional staff is critical for

the running of the business, but also for the atmosphere of the hotel. The well being of customers and a smooth service will help developing a prospering hotel business.

<b>Phase 2: Operational strategy setting</b>	
CSFs	Operational facts affecting the future success
	- Hotel standard
	- Quality of services
	- Skills and involvement of personnel
	- Professional management
	- The availability and quality of auxiliary services
<b>Operational guidelines:</b>	
Hotel standard has been set in the strategy planning according to goals and segmentation.	
Management is advised to build a tool for continuously monitoring and up-dating the levels.	
Service quality will best be kept up with training, instructions, motivation and feedback discussions. Planning the tasks and responsibilities according to personal abilities, will help motivating staff and prevent stress, conflicts and poor standard due to overestimating personal skills. Continuous evaluations are good tools for maintaining and developing the standards.	
Management are equally required to keep the skills up-to-date with further training.	
Responsibilities should be divided, to prevent overloading. Team effort is required to maintain a flexible collaboration between different departments.	
Flow of information will make sure that all important data is available for all decision-making.	
Repetitive customer satisfaction queries will supply the management with data about customers requirement, dissatisfactions, new demands in services or upcoming trends.	
Customer satisfactory research is vital for sustaining and developing the operation in competitive markets.	

The second important CSF is the **standard** of the hotel, as it is one of the criteria on which customers base their decision when choosing their accommodation. The start-up hotel will be a five-star complex and it will attract customers looking for good standards in both services and lodging. As there will be many competitors offering similar standard services, the hotel must offer something new or exclusive to become the first choice for the customers. Competitive advantage could be reached by offering better **quality** than the competitors and at a competitive price. The first impression is important and therefore the first class service must start already at the airport and when checking in at the hotel. Quality service is an on-going process that does not stop. At its best it predicts the customers desires before the customer expresses them. The same high

standard has to follow all processes in and outside the hotel. Excursions and other supplementary services must be involved in the high quality operation. Focusing on unique tours, that no-one else have, will bring customers also from other hotels. The success lies in diverse, well-planned and smoothly running operation. With good connections existing already, the potential partners and co-workers for excursions and events can be found relatively easy.

<b>Phase 3: Financial aspects</b>	
CSFs	Operational facts affecting the profitability of the hotel
	- Sales plan for the accommodation
	- Sales plan for the auxiliary services
	- Marketing plan
	- Choosing right partners
<b>Operational guidelines:</b>	
Promoting sales requires skilled management and professional marketing staff. The basic guidelines have been set in the business plan: what, how and to whom.	
The operational planning includes finding the right channels to market and sell the hotel.	
The marketing team will best observe the whole picture by drawing a blueprint of the whole process. Focusing on the main channels with constant new offers and ideas, will keep up the interest. Making contracts with different international organizing parties, will keep the hotel in the spotlight. The marketing team will have to make customer and competitor analyses on a continuous level to keep up in the competition. As the hotel is advised to make customer satisfactory queries, the marketing team have the access to reliable first hand feedback.	
The selection of partners will also affect the profitability. Services like car and bike rental, hairdresser, beauticians or excursions, will require collaboration with local operators.	
The partners needs to be involved in the standard requirements of the hotel to ensure the same standard in all services. The collaboration will need planning and joint strategies.	
Also in this process, a continuous evaluation will serve as a good tool. If the hotel strategy has set the standard on five stars, it cannot offer two-star services.	

The competition in tourism business is tough. It is not only the other hotels in the area one competes with, but hotels in other areas and other countries as well. The power of **marketing** and good **marketing channels** are vital, therefore it can safely be said to be the third important CSF in the hotel business. There are so many different choices and it takes good marketing acts to awaken the interest of the customers. Focusing the marketing on the right points is one aspect. Except for quality, people choose destinations according to interests and activities

available. Golfers travel to well equipped golf resorts and divers to places with good diving possibilities. As stated by Bojang and Pucilowski, Gambia has one major attraction - the nature. The natural environment and its preservation will be a growing factor in the future. The hotel will be built as environmental friendly as possible and it could be one of the greatest CSFs. The operational strategies should continue that same line; no use of poached meat, no toxins, environmental friendly detergents and paperless operation. The same standards should be maintained by all partners. All excursions and tours has to take the nature into consideration.

<b>Phase 4: Political aspects</b>	
CSFs	Political ambiance and decisions can make the hotel business fail or succeed.
	The political CSFs cannot be influenced upon, but they need to be taken into consideration in strategy planning
	- New laws concerning ownership and business
	- Laws constricting use and sale of alcohol
	- Strict regulation in conduct and dress code
	- Strict regulations in entry and residency
<b>Operational guidelines:</b>	
There is no way to affect the legislations in a foreign country. Since Gambia is a dictatorship, the new laws could come into effect immediately. The laws can restrict the ownership of property or businesses for foreigners. That might mean losing the company to the government or to its representative.	
All though there are no means to fight these regulations, the management needs to include these possibilities in their strategies. Guide with operational actions should be made to minimize the loss of assets: how to organize banking and money transactions or how to minimize other property losses.	
Restrictions in entry can affect the amount of tourists. What actions can be made to relieve the risk of losing profit?	
Religious standards and regulations can be tightened. The dress code for women could be tightened to involve an obligation to wear a veil, or prohibit the use of too revealing clothes. That would affect the business instantly, as the tourists would not be able to enjoy sunbathing on public beaches and many western women would refuse using veils.	
All these possibilities could weaken the success and should be acknowledged in the operational plans. What actions can or will be made IF the worst case scenario comes true?	

As an authoritarian country Gambia presents different threats to business operations. These risks might keep most investors at bay, which might open up possibilities for others. At this stage the

governments ambitions lies in developing the economic growth and, therefore, it would seem that the political threats are minor. It is still recommendable to plan financial processes for the worst case to minimize the losses. If the government expropriates the assets in Gambia, at least the company can protect the funds by keeping the money on off-shore accounts.

The legislative changes can also be an advantage. The start-up hotel already plans to be as eco-friendly as possible and well prepared for improvements in the ecological laws. Taking the future possibilities into consideration can give the hotel an advantage in the future. For example the plans for using solar-power: the government is exploring possibilities for sustainable power and might enact laws aiming to reduce the use of diesel engines and increase of sustainable energy. Furthermore the current problem with waste disposal: if the hotel prepares for possible restrictions in the future already during the construction, the operation might not be threatened if legislation gets more strict. The building engineer can use Finnish regulations for cottages as an example.

## 6 SUMMARY ANALYSIS

The purpose of the summary analysis is to combine the internal and external environments. By categorizing the gathered information, the management gets a more clear view of the company and the operations. It helps focusing resources in the right processes and developing the operational and strategic planning. One of the most used tools for summary analysis is the SWOT analysis (Kinkki & Isokangas 2003, 242).



**FIGURE 7:** SWOT - summary analysis of the internal and external operations

The SWOT analysis is a four-field categorizing model, where the gathered information from the starting point analyses are summarized. The features are divided into sections: the internal strengths and weaknesses of the company and the external opportunities and threats. By knowing the company's strengths, it is easier to use them as advantage and make them even stronger. By pinpointing the weaknesses of the organisation, they can be dealt with accordingly. The weaknesses can be avoided by risk management and planning. The weaknesses, that can be dealt with, can be removed with sufficient actions. Weaknesses that cannot be changed can be eased by strategic and tactical planning. Knowing the external environment helps recognizing the opportunities and using them for the company's benefit. When the threats are known, they

can easily be handled. With strategic planning the possible threats can be avoided or eased (Same).

### **Conclusions:**

After analyzing the gathered information the conclusions are favourable. The Firm has good qualities and skills to build the hotel on. The necessary resources are available and as the Gambian government strives to improve the standard of living, the investments will be desired and supported. As previously mentioned, the Firm has professional education and skills to build up a prosperous business. They have desire, financial means, economic education and experience in business both in Finland and in Gambia. The connections in Gambia are of the highest level and, therefore, all help and advice needed will be reached. The Finnish culture and conduct will suit a multicultural country like Gambia, as Finns tend to be calm, respectful and modest. Mutual respect will help all operating the business and managing staff. Language skills are an asset, as the educational system in Finland supports the learning and training of foreign languages. The start-up hotel will require a long-term presence in Gambia and therefore absence from the Firm in Finland. With a tight support and reliable group also in Finland the process can start as the business at home will be taken care of. The major hindrance of the operation is the lack of experience in hotel and tourism business. It requires diverse skills to plan and operate the hotel business and that might mean further education in the field or employing professional managers or assistants. The process involves planning the operations of all different departments, recruiting staff and training them. The Firm has not got enough skills to deal with those issues without help. When the hotel is operational and has been left to be run by an outside manager, the long distance will make the supervising difficult. That requires continual travels between the two countries.

The major external threats and opportunities affecting the hotel business could be summarized to political and economical. At the moment the government's political strategies aims to develop the country and speed up the economic growth. That is a major opportunity for anyone who has the courage to enter a new market. There are a number of inducements offered to promote the foreign investments in different areas. Now is a good time to start planning and building the business as the global recess might keep many investors away. The authoritarian government can also be a threat as the decisions and legislation can change. Africa has a long history of



violence, dictators and military regimes and as the continent is largely unstable. Therefore there is no guarantee that Gambia will remain stable. As a small country it is an easy target for military coups and invasions. However, with the right connection and the positive ambiance within the country, the future seems quite positive.

The economy of the business environment is dependent on the customers. The customers are vital as they bring the income. The potential customers are far distance travellers, especially targeted customers are the tourists from Finland and other northern European countries. Finnish people has got used to travelling further away to popular destinations in Thailand or India. It is only a matter of time, when those destinations gets too familiar and common and loses their sparks. People will start looking for new places, places untouched by the mass tourists and with local colour. Africa is exotic and different, but may yet be a bit frightful for the average travellers. The climate and conditions are very basic and the different diseases may scare people. Not least of all the resent Ebola epidemic. That will probably delay the bigger rush to Africa for quite some time. Eventually the threat will fade away and this recovery time gives the Firm the time needed to plan and build up the business. Investing now could prove profitable, as the costs involved are quite low. Once the tourism starts to grow, prices will rise gradually.

Investing now can offer great advantages compared to future competitors. The present location chosen by the government is directly by the beach. Future competitors might have to choose their location further inland, as the cost line is quite short. Tourism is a forceful and growing industry which means that there will come more competitors. Although the industry is constantly changing, people have always travelled. Africa as destination it is both old and young and it has excited travellers for centuries. The continent is large which offers new experiences for travellers around the World. The majority of Finnish travellers tend to choose destinations near-by: Europe is close, it is relatively secure and has still new places and cultures to offer. For Finnish tourists longing for the sun and beaches, the distances in Europe are shorter and therefore more convenient. The climate, however, restricts the travel period, as Europe clearly has four seasons. That means near-by travels from spring until autumn. For those requiring sun and warmth in the winter, the only options quite near-by are the Canary Islands. The other most common choices are far distance locations in Thailand or India. Africa and Gambia could be the next boom as the distance does not differ too much from Asian destinations. The main hindrance are the flight schedules and routes. The flights to Gambia goes through various intermediate stopping points

and that will affect the amount of tourists. Instead of flying non-stop for ten to twelve hours, reaching Gambia requires much more time.

The current recession will affect the consumption for at least a few years. It can safely be assumed that one of the first objects people save on is travelling, especially long distance and luxury travels. All though Gambia is an affordable destination, most people may regard it as exotic and, therefore, luxurious. The Firm needs a good marketing plan to attract customers and that needs professional marketing staff. It is questionable whether such professionals can be found in Gambia. If the work require expatriates, the salaries will be higher.

## 7 CONCLUSIONS

The subject for this thesis came about due to the commissioning company's timely need. Its' plan is to start a hotel business in Gambia during the next five to ten years. This thesis is built to serve as a tool in that process and additionally to serve as a guide for other Finnish companies adding understanding for the Gambian market. The practical information has been gathered by interviews and questionnaires from different sources with experience in business and the tourism branch. The information has been viewed using different analyses to clarify the process of starting and operating a company and evaluating the possibilities and threats of the Gambian market.

The theoretical information has been based on a variety of literature and electronic sources. Some of the literature are primary, original, sources such as Porter and Kotler. Most of the written sources are secondary sources such as course literature. They might not be as recommendable as primary sources, but most of them offer the same theory based on the same original sources. Therefore the author regards them as reliable, they just offer different approaches and sometimes a more understandable view on things. Electronic resources have been chosen bearing in mind the relevancy, reliability and credibility. Most of the electric sources are operated by governmental and institutional parties. The author feels that the governmental sites are as reliable as they can get and general information on public sites like Access Gambia regards mainly facts and not opinions. The interviews with the commissioning company makes it clear, that the Gambian official parties will not speak anything negative about the country and its politics. Therefore it can be assumed, that the official sugar-coated information would have been the same as offered on the sites used as sources. There have been a few references to Wikipedia and, although the use of Wikipedia as a source is not recommended, in these few cases they can be accepted. The information gathered is mainly concerning history and geography and in these cases the information seemed relevant and liable.

Building up the hotel will be a long process and will require the presence in Gambia. During this time the company in Finland will need someone to tend to the operation. As the company is small and has got reliable employees, the running of the company does not seem to be threatened. The owner also has the help of his daughter to either run the business in Finland or to manage

operations in Gambia. Starting a company and building a hotel in Gambia on the other hand will be somewhat more time consuming, as the bureaucracy is complex and there are many agencies and institutions involved. Although the procedures themselves are quite clear, the corruption and non-existing co-operation between different agencies will cause challenges. Not only will it take time to run between different offices but there might occur extra fees for foreigners, which in turn means more costs. As recommended by the commissioning company and Mr. Bojang, it would be wise to have legal council during the process. A great advantage is the good contact and relationship to Mr. Musa Bah, Director of Investment Promotion & Facilitation Gambia at the Investment & Export Promotion Agency in Banjul. With his valuable help the project will be faster and many hindrances will be avoided.

The commissioning company has got all necessary resources available to succeed in the business venture. The experience and education in business economy are great assets. The financial part of running the hotel will be handled easily. As the financial assets will come from the company itself and from family members, there will be no risks from financial institutions concerning loans and interest rates. The major threat for success is the lack of experience in the tourism branch. The running of a hotel will require special skills in different areas, therefore it would be highly recommended to employ skilled management to plan the operation. Professional sales and marketing personnel should be appointed to promote the hotel on different markets.

Gambia as a market for future tourism business can be regarded as a potential opportunity. It has been stated many times, that the dictatorship is and will be a great threat for any operation. However, viewing the information from different sources, one cannot avoid noticing the desire to develop the country's infrastructure and economy. As a poor country, Gambia cannot reach the goals set by the government in for example Vision 2020 alone. It desperately needs foreign investments in order to achieve the goals and to enhance financial growth. Therefore, it can safely be assumed that the investments would be relatively secure. There is no way of predicting the movements in the whole continent and as Africa is constantly restless, the threat from other African countries needs to be considered. For example from neighbouring Senegal, as the relationship between the countries has been tense for a long time. The side effects of tourism needs to be taken into consideration in the early stages of planning. Not only the ecological effects but also the social effects. As a poor country with not many possibilities for economical development, one major threat lies in the prolific sex-tourism. Where men have traditionally

travelled to for example Thailand, women seems to excessively choose more exotic destinations like Gambia. It seems that the majority are mature women using younger men as their subjects. There lies the horrifying threat of abusing minors or even trafficking. These events can harm the image and the development of Gambia as a destination.

As a research this thesis seems to be quite rare. There are numerous researches made in the tourism business involving the development of tourism, consumer behaviour, new European markets or eco travel in general. For example the Oulu University of Applied Sciences has published a report on linking the cultural and natural aspects into the tourism business (Aro, Auer, Jakobsson, Polojärvi & Ålander. 2014). The work concentrated in the Oulu area and was not linked to Gambia, but the report included valuable points that could be used also on international markets. The ideas on service design and the new ecological trends can be valuable tools in strategy setting in all forms of travel and service businesses. Hall, Smith and Marciszewska (2006) made a thorough research on the impact of the European Union's enlargement on the tourism business in Europe. All though the research concentrated solely on the European market, it offers important information and guides on how to make market research. Both reports offer new and supplementary information for future research and can be recommended as sources. Researches concerning Gambia came across in health care and economy, but there has not come along any research concerning the same subject as his thesis. Therefore it seems that this thesis offers a unique approach to the Gambian market and adds to the understanding of the business culture. Any company or investor interested in the Gambian market can use it as a tool for starting a business there. The thesis offers links to official agencies and legislation which in turn can help developing the business further.

When evaluating the validity of any research, there are many aspect affecting the evaluation: sampling, methods, analyzing techniques or personal opinions both from the interviewer and the interviewees. This research is a small research and the sample has been narrow. There is always a threat of the interviewees being too much alike and that fact in itself moulds the conclusions towards a certain point. However, as the thesis aims to specify the possibilities for a business, the sample does not need to be wide. The author has interviewed different professionals in tourism and business areas with different approaches to Gambia in general and, therefore, the gathered information and analyses based upon can be considered valid. Mr. Bojang knows the Gambian market and, all though his personal interest is to give a positive image of Gambia, the information

gained are highly reliable. Tjäreborg offers travels to Gambia but is unlikely to have any personal interest in the country. Therefore the information gathered from Tjäreborg can also be considered reliable. The commissioning company does have a personal interest in Gambia. The representatives of the company have visited Gambia frequently and have gained experience of the country. The interviews offered both positive and negative feedback of the country: honest and open communication concerning the corruption, local habits and life in general. Despite these negative points, the company still wants to proceed with its plans for the hotel. Therefore it is safe to state, that the commissioning company's personal attitudes has not moulded the conclusions of the author and can therefore be viewed as reliable. The author has no personal experience or interest in Gambia and has therefore been able to view the project as an outsider keeping an open yet analytic mind. The conclusions are based on the gathered information without any personal passion or interest in the outcome of the research.

This thesis is just the start of a long process of starting a hotel business in Gambia. The work aims to be a useful guide into the Gambian market and for the process on starting a company there. The hotel business is a complex process and to ensure a possibility to succeed, there are many aspects that needs to be done. This guide has only scratched the surface and there are plenty of opportunities for further studies and research. As the plan starts to develop it is advisable to carry out research for example updating the business plan, doing a marketing plan, personnel plan, plan the logistic system, build proper home pages and a maybe look into the Internet reservation system. Also the process of keyless operations needs further research. The equipment can be purchased but the software required might need programming or remoulding. The further development of the business requires continuous research. Keeping up with the changing markets and new trends requires an ongoing process of studies and research. It is therefore recommended, that the hotel updates all plans and strategies on a consistent basis. Especially all plans and actions concerning the customers should be analysed annually. For example an on-going customer satisfaction survey will provide information on a sturdy basis and help the management in the decision making.

As the Gambian government has set goals on developing the country's infrastructure, business and research fields, there are many more opportunities for research in other fields as well. As mentioned in the report, future plans are made to develop sustainable energy sources, such as solar and wind power. Finnish companies have excellent know-how in wind power and might be

interested in the possibilities on the Gambian market. IT and engineering students might find suitable subjects for their theses in developing the waste disposal system or electrical supply. Social and health care students could find interesting subjects in researching the possibilities to develop the national health care. The national education system will be developed to ensure the basic education for all Gambians unto the ninth grade. Students in the Education faculty might get an unique possibility to assist in that process, as the Finnish educational system is well-known for its quality.

## 8 REFLECTIONS:

I struggled for a long time with my thesis. The first problem was to find the right topic. I could not find anything interesting and therefore I decided to take time and look around. A year passed and then the idea for this thesis came to me, partly by accident. I was talking to an old colleague of mine and she sprang the idea on me. She is working in a family based company and the owner of the company has had the dream of starting a hotel in Gambia for a long time. As the topic really interested me and the subject was timely, I accepted her offer. The process started in an enthusiastic rush. The first steps were to make the subject analysis and the mind map. The analysis was easy, but I really struggled with the mind map. But I think it was a good process, because during it the ideas were categorized and the process started to get some form. The first interview with the commissioning company gave me good material to work with. My schedule was relatively tight, but at that time realistic. The thesis was planned to be ready by May 2014.

Unfortunately the schedule changed constantly. I had difficulties combining work and studies and the thesis had to wait. I continued working on the thesis in March and aimed to speed up the process and be finished in May. But once again work upset the plans. At the end of the summer 2014 it was clear that I had to make a new realistic schedule and since the autumn the process continued quite well. One of the main problems was to narrow down the research and focus on the relevant points. There are too much details and information involved and the structure of the thesis got lost. With the help of my supervisor I found the thread of my work and moulded the structure until I was quite satisfied with it. The theoretic part took time but was not overwhelming. Luckily I started the theoretic structure and search for relevant sources early in the process and during the autumn I merely focused on deepening the concepts and clearing the context. Once again with a huge help from my supervisor Outi and co-supervisor Jaana. The biggest challenge was the interviews. I had a clear vision of the themes and subjects for the research but, as mentioned before, I was unable to reach all interviewees. I tried contacting them many times but as time went by, I had to make the decision of changing subjects. I am very grateful for the help from the commissioning company, as they arranged an interview with their country director Mr. Salomon Bojang. He provided me with valuable information of the country and tourism in Gambia. He also kindly assisted me with sending the formulas for registering the company, which have been attached to this work. The other interviewees helped me greatly by answering my



questionnaires by E-mail and the representative of the commissioning company was constantly at my disposal.

As there was no time to continue the pursuit of interviewing the government's representative, I searched for official information on the Internet. I think I got just as reliable information from the different websites as I would have gotten from the interviews. As the information came from a variety of Gambian sites, also governmental pages, I think the information received is just about the same I would have gotten from the representatives of the Gambian authorities. I assume I would have gotten a sugar-coated side of things and that nothing negative would have appeared. According to the commissioning company, previous reports have been heavily censored! The amount of information is huge and it has been challenging to analyse and pick out the relevant data for my research. I am quite satisfied with the out coming and feel that the process has been pictured realistically. There is plenty of information that had to be let out or condensed, but I am pleased with the result and feel that the thesis offers a good general view of the process and the Gambian environments. The research problems have been answered and based on the material used. I think the results are both reliable and credible.

This thesis has been a long journey and at some points very rocky. One of the main difficulties has been the fact, that it is quite a long time since I studied these subjects. It has been almost two years since the last courses and after that I have only focused on work. It has taken time to dig up those small nuggets of information lurking in my brain. Gradually by picking up old course books and other literature the mind flow started to progress and the thesis was on my mind even during sleep. I have never been the type of student, who could pick up a book and just read about the subject. It seems impossible for me to concentrate on a study subject without my mind jumping from one matter to the other. Multi-tasking is more my thing. During this writing process I have had to learn to focus on one thing at the time - even reading theoretic books which has not all been that exciting or interesting. It has not been easy, but I can be very pleased with the result. Writing itself has never been a problem, but finding a logical structure and basing the arguments on something else than my own opinions has been educational. I have learned a lot about the subject but also about myself as a researcher during this process. All though I am relieved that it is over, I could imagine myself doing this again.

One of the main ethical issues involved in this project, that really troubles me, is the sex-tourism. When searching for information on the Internet, I ran into a huge amount of comments, blogs and articles concerning the increasing sex-tourism especially in Gambia. In today's world, where child abuse and human trafficking is a major problem, it is a worrying development. Traditionally men have been making sex-travels to Asian countries, but it seems that the modern woman really uses all means to gain equality. Women are increasingly choosing their travel destinations according to the availability of young men to entertain them. Many might comment, that it is a different matter, as they do not pay for sex. They just meet a nice man and "falls in love". Of course, it is appropriate to pay for food and drink and by some gifts for the man, as he is poor. Obviously a totally different thing.

Western people have been horrified by the sex-tourism in Thailand and generally disapproves of prostitution and solicitation. Not to mention the unforgivable crime of child abuse. It appears, that the morals changes with the "development" of the world. There will always be collisions between rich and poor and when people with means travel to poor countries, the difference is striking. The fact that a poor person will try anything to survive or to gain some financial benefit is understanding. When it comes to life, everyone will protect its own with any means possible. What I find horrifying is that so called civilized people will use someone else's distress to their own benefit by demeaning their human dignity. Families are travelling to Gambia and many parties tries to promote Gambia as a tranquil holiday resort for couples, newlyweds and small families. With the increasing trend of sex-service, will travellers be safe? If the rumours are even slightly true, that the staff in hotels offers themselves to guests and are quite provocative, how can the tourism develop?

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## **Interviews**

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## **Questionnaires**

E-mail to Mr Österberg, K. Consul of Gambian Consulate in Finland. 01.11.2014 and 16.11.2014.

E-mail to Sormunen, T. Jäälin Palvelupiste Ky. 08.11.2014.

E-mail to Pucilowski, A. Oy Tjäreborg Ab. 16.11.2014 and 23.11.2014.



## APPENDICES

- Appendix 1: E-mail to the Finnish-Gambian Consulate
- Appendix 2: Questionnaire for Mrs. Sormunen, T., Jäälin Palvelupiste Ky
- Appendix 3: Questionnaire for Arja Pucilowski, Tjäreborg
- Appendix 4: Theme interview for Mr. Salomon Bajong, Cype Finland Oy, Country director, Bakau, The Gambia
- Appendix 5: Hotels in the near-by area
- Appendix 6: Procedures for registering a company
- Appendix 7: Example of the bureaucratic and legal hurdles faced by entrepreneurs wishing to register a new firm in Gambia
- Appendix 8: Example of annual taxes and mandatory contributions for a medium-size company
- Appendix 9: Example of the procedures, time and costs to build a warehouse in Gambia
- Appendix10: Example of the procedures, time and cost required to obtain an electricity connection for a newly constructed building in Gambia
- Appendix 11: Useful links to authorities and legislation
- Appendix 12: Form for registering the company
- Appendix 13: Requirements for land allocation in the tourism development area (TDA)

E-mail from: Kaisu Luukkonen

E-mail to: Kurt Österberg

Date: 01.11.2014

Subject: Enquiry

Hei!

Olen tekemässä opinnäytetyötä suomalaiselle yritykselle, jolla on suunnitelmissa perustaa matkailualan yritys Gambiaan.

Yrityksellä on jo tällä haavaa kaksi pienempää yritystä siellä, jotka työllistävät noin 10 paikallista henkilöä. Opinnäyteyöni tarkoituksena on, paitsi ohjata prosessissa, myös toimia eräänlaisena oppaana muille suomalaisille, jotka haluavat perustaa yrityksen Gambiaan tai investoida sinne.

Saako teidän kauttanne tietoa yrityksen perustamisesta, lomakkeista, lainsäädännöstä, maksuista, lupa-asioista yms.? Jos pystytte tarjoamaan tietoa asiaan liittyen, onnistuisiko esimerkiksi haastattelu tai kysely sähköpostitse?

Ystävällisin terveisin,

Kaisu Luukkonen

1. Mille alueelle olette suunnitelleet hotellin?
2. Millä aikataululla projektia on tarkoitus suunnitella? (5 tai 10 tai 20 vuoden tähtäin?)
3. Kuinka suuresta toiminnasta on kyse? Hotelli, hostelli vai B&B? Montako huonetta, tähteä, mitä palveluita, paljonko henkilökuntaa yms.
4. Onko tarkoitus rakentaa uusi hotelli vai ostaa valmis?
5. Mikä on alustava toiminta-ajatus?
6. Oletteko miettineet kohderyhmää? Kenelle, mitä, miksi?
7. Kun olette käyneet paikan päällä, mitkä voisivat olla syyt, miksi turistit valitsisivat Gambian kohteekseen?
8. Olette olleet perustamassa jo 2 yritystä Gambiaan. Minkälainen prosessi oli teille ulkomaalaisina? Onko paljon byrokratiaa? Tarvitaanko lahjuksia? Kuinka monimutkaiseksi (jos koitte) koitte prosessin?
9. Oletteko saaneet alustavia tietoja hotellin perustamisesta? Esim. maan ostamisen tai omistamisen suhteen, rakennuttamisen suhteen? Kuinka tiukat lait ja lupa-asiat ovat? Tarvitaanko mitään elinkeino-, anniskelu- tai muita lupia?

1. Kuinka suuri määrä suomalaisia matkustaa Gambiaan vuosittain Tjäreborgin kautta?
2. Onko määrä viime vuosina ollut kasvussa vai laskenut?
3. Minkälaiset asiakkaat matkustavat Gambiaan? (Ikäjakauma, perheet / pariskunnat, tulotaso)
4. Kuinka pitkä loma on keskimäärin?
5. Mitä asiakkaat hakevat Gambiasta? (Rantaloma, luonto, seikkailu...)
6. Kuinka monta hotellia Tjäreborgilla on? Minkä tasoisia ne ovat? Millä alueella ne sijaitsevat?
7. Mitä palveluita juuri suomalaiset matkustajat vaativat Gambian matkoilla?
8. Mitä erityispiirteitä Gambia tarjoaa matkanjärjestäjille ja lomailijoille?
9. Onko olemassa kansainvälisiä standardeja, joiden mukaan eri maiden hotellit luokitellaan vai onko esim. jokaisella matkanjärjestäjällä omat standardinsa?
10. Millä perusteella hotellien tähdet annetaan?
11. Mikäli standardit ovat yrityskohtaisia, millä perusteella Tjäreborg luokittelee hotellinsa?

**Themes:**

Information about Gambia; country & people, customs, culture

- Standard of living
- Education
- Employment situation: salaries
- Equality

Religion and its affect in every-day life

- Business etiquette
- do's and don'ts

Attitude towards tourism industry and tourists

- Positive?
- Negative?
- Has there been any side-effects? If yes, what?

The Gambian's attitude towards foreigner wanting to start companies or to invest in Gambia

- Do they find it positive / negative
- any affects on the employment situation
- Do people consider it as a threat

Politic influence on every-day life

- running things
- bureaucracy
- democracy, freedom and self-determination

Security

- Criminality
- Is it safe for tourists
- Any things or areas to avoid
- Advice: How to be street-smart in Gambia

## Hotels in Bijilo, Gambia

	Hotel / guest house/ B & B				Apartment			Bungalow / huts / Villa					
	Rooms	Suites	Luxury suites	Restaurant / Bar	Swimming pool	Studios	Suites	Restaurant / Bar	Swimming pool	Studios	Suite	Restaurant / Bar	Swimming pool
Adjii's Lodge				Y/Y						6	-	Self-catering Meals on request	Y
Bamboo Guest House										12		Y/Y Self-catering	
Baabab Holiday Resort	52			2/1	Y								
Bijilo Beach Hotel ***	5			Y/Y	Y								
Casa Carla Bed & Breakfast													
Coco Ocean Resort & Spa *****							89	3/2	Y		2 Luxury		Y
Goddess Maat Guesthouse		3		Y/Y	Y						4		Y
Golden Beach Hotel ***	26			2/2	Y								
Kingfishers Guest House						4		Lounge	Y				
Lemon Creek ***	<32			2/2	Y								
Sea Front Residence												Self-catering Meals on request	
Tedugal Guest House							11		Y		20	Self-catering	Y
Villa Calliandra	3			Y/-	Y						3	Self-catering	

Adjii's Lodge  
 Bamboo Guest House  
 Baobab Holiday Resort  
 Bijilo Beach Hotel \*\*\*  
 Casa Carla Bed & Breakfast  
 Coco Ocean Resort & Spa \*\*\*\*\*  
 Goddess Maat Guesthouse  
 Golden Beach Hotel \*\*\*  
 Kingfishers Guest House  
 Lemon Creek \*\*\*

Sea Front Residence  
 Tedugal Guest House  
 Villa Calliandra

Source: [accessgambia.com](http://accessgambia.com). Search date 25.11.2014

## Hotels in Kololi & Senegambia

	Hotel / guest house/ B & B				Apartment				Bungalow / huts / Villa				
	Rooms	Suites	Luxury suites	Restaurant / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool
Avalon Garden Lodge	12			2 / -							12	Self-catering	
Bakadaji Hotel											6		
Balmoral Apartments						12		Self-catering	Y				
Bamboo Garden Hotel	50	Y	Y	Y / Y	Y								
Blue Parrot	4			Y / Y									
Calabash Residence						Y	Y	Self-catering	Y				
Devon Lodge						4		Self-catering					
	12	6		Y / Y + Self-catering	Y								
Dianta-Ville	58	4		2 / 2	Y	12							
Djeliba Hotel					Y								
Dunes Resort	24			Y / Y	Y								
										Y		- / Y + Self-catering	Y
Easy Time Lodge													
Hansen's Guesthouse		5		B & B + Self-catering									
Holiday Beach Club	80			Y / Y	Y								
Kairaba Beach Hotel	156			4 / 5	Y								
								Y / Y + Self-catering				Y / Y + Self-catering	Y
Kololi Beach Club						Y	Y		Y	Y			
Kunta Kinte Guesthouse	Y			Self-catering									
								Y / Y + Self-catering					
Luigi's Holiday Apartments						Y	Y		Y	Y			Y

## Hotels in Kololi & Senegambia

		Hotel / guest house/ B & B				Apartment				Bungalow / huts / Villa						
Rooms	Suites	Luxury suites	Restaurant / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool
2			B & B						2							
126	2		! / 2	Y												
150			3 / Y	Y												
	18		2 / Y	2												
					11	4 + 1*	Self-catering									
84	14		Y / Y	Y												
24			Y / Y	Y					3							
325			3 / Y	Y	10											
							Y / Y +									
						Y + Y **	Self-catering	Y								
60	2		4 / 2	Y					19 ***	Y	Self-catering					

\* 4 apt. 2-bedroom, 1 apt. 3-bedroom

\*\* 2 and 3 bedroom luxury apartments

\*\*\* 1 and 2 bedroom villas



**Hotels in Kotu, Gambia**

Hotel / guest house/ B & B				Apartment			Bungalow / huts / Villa					
Rooms	Suites	Luxury suites	Restaurant / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool
204			4 / 3	Y								
90			2 / 1	Y								
					110+12*		2 / 1 + Self-catering	Y				
15			Y / +									
250			3 / 3	Y								
									5**	Y	Self-catering	
164	Y		2 / 3	Y								
3			Self-catering									
					Y***				1		- / 1 + Self-catering	Y
97			2 / 1	Y		Y	Self-catering					
										8	Y / Y + Self-catering	Y

\* 12 luxury apt.

\*\* 1 or 2 bedroom bungalows

\*\*\* 2 studio apt. And 2 bungalows in Manjai

Badala Park

Bakotu Hotel \*\*\*

Bungalow Beach Hotel \*\*\*

Guesthouse Kadjendo

Kombo Beach Hotel \*\*\*\*

Kotu Suites

Palm Beach Hotel

Sabena's Guesthouse

97 Sundowners Gambian Villas

Sunset Beach Hotel \*\*\*

Wavecrest Apartments

### Hotels in Kerr Serign, Gambia

Hotel / guest house/ B & B				Apartment			Bungalow / huts					
Rooms	Suites	Luxury suites	Restauran t / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool
					8		Self-catering					
	15*		Y/Y + Self-catering						Y	Y		
		30	Y/Y	3					4**			4
						Y	Self-catering	***				
										3	Self-catering	
										Y	Self-catering	

Amaris Garden Apartments

Babula's Residence

Coconut Residence \*\*\*\*\*

Kerr Sering Apartments

Lynandra Garden Lodge

Tigabu Lodge

\* Suites, pethouses or bungalows. 1, 2 or 3 bedroom  
 \*\*\* Free access to pool at Mensea Beach Hotel  
 \*\* Luxury villas with private pools

### Hotels in Brufut Heights & Gardens, Gambia

Hotel / guest house/ B & B				Apartment			Bungalow / huts / Villa					
Rooms	Suites	Luxury suites	Restauran t / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool	Studios	2 room	Restaurant / Bar	Swimming pool
					6		- / -	Y				
						4	- / Y	Y	3	3	Y / Y	-
7			Y / Y	Y								
3	2		- / Y									
5	1		Y / Y	Y								
7			Y / Y	Y								
181 *			2 / 2	Y					6**		Y / Y	Y

Banana Lodge Apartments

Brufut Motel

Eden House

Hibiscus House \*\*\*

Kerr of Sabal Villa

Leo's Beach Hotel

Ocean Villa Heights

Sheraton Gambia Resort \*\*\*\*\*

The Plantation

\* Rooms including suites and a presidential villa  
 \*\* Huts with double and twin rooms

1. Name search for company costs about £1-2
2. Notarisation of company status cost about £3
3. Payment of stamp duty and deposit of corporate tax with Commissioner of Income Tax.
4. Registration at the Commercial Registry in Banjul. Fees are incremental depending on the share capital of the company.
5. Get an operational license from either Kanifing Municipal Council or Banjul City Council.
6. Send copies of contracts of employment to the Department of Trade & Industry.
7. Register employees with the Social Security Corporation.

**Business registration certificate:**

The certificate of registration or a certified copy must be prominently exhibited in a conspicuous position at the principal place of business. A certificate is valid for a period of 12 months from the date issued and must be renewed at the end of such period.

**Licenses and Permits:**

Depending on the type of project there are various permits & licences required in starting a business in Gambia. For example projects in the fisheries, tourism, Information Technology and mineral exploration require licenses to operate. GIEPA serves as the link between the investor and the responsible institutions and the Agency provides all the necessary facilitation and support to secure the required approvals and licenses.

Environmental Clearance issued by the National Environment Agency (NEA) is required of all projects that could have a negative impact on the environment. There are guidelines set out by the NEA as per the Environment Act 1994.

Investors wishing to employ expatriates whose skills are not available in The Gambia are required to obtain Residence and Work permits for each expatriate staff. The process is very simple and completed application forms can be sent direct to the Department of State for Interior or to Giepa for processing.

*Source: [accessgambia.com](http://accessgambia.com). Search date 25.11.2014*

EXAMPLE OF THE BUREAUCRATIC AND LEGAL HURDLES FACED BY  
ENTREPRENEURS WISHING TO INCORPORATE AND REGISTER A NEW  
FIRM IN GAMBIA

APPENDIX 7

- the procedures, time and cost involved in launching a commercial or industrial firm with up to 50 employees and start-up capital of 10 times the economy's per-capita gross national income.

No.	Procedure	Time to Complete	Associated Costs
1	<b>Reserve a unique company name</b> <i>Agency: Companies Registry</i>  The name search is conducted manually at the Commercial Registry.	1-2 days	GMD 500
2	<b>Notarize company statutes</b> <i>Agency: Public Notary</i>  Although there are no set notary fees, GMD 100-150 is commonly charged. The statutory declaration of compliance Form C.O.1 must be notarized.	1 day	GMD 150
3	<b>Obtain a tax identification number (TIN) from the Gambia Revenue Authority</b> <i>Agency: Gambia Revenue Authority</i>  All businesses must obtain a tax identification number (TIN) before registering with the Companies Registry. To obtain the identification number, the company must submit a form, the articles and memorandum of association, and the founders' proof of identification.	1 day	GMD 25
4	<b>Register employees with the Social Security and Housing Finance Corporation</b> <i>Agency: Social Security Corporation</i>  Employees pay 5% of their monthly salary to the social security department. The employer contributes 10% of the employees' salary. Depending on the number of employees, this process takes at most 7 days.	2 days	no charge
5	<b>Register with the Commercial Registry</b> <i>Agency: Commercial Registry</i>  Under the new Single Window Business Registration Act, a company with start-up capital up to GMD 500,000 will pay a fixed registration fee of GMD 10,000.	2 days	GMD 10,000
6	<b>Obtain the operational license</b> <i>Agency: Municipality</i>	1 day	GMD 5000

	The standard fee is GMD 5,000 for the Banjul City Council and the largest municipality (Kinifing Municipality). This license must be renewed annually.		
7	<p><b>Make a company seal</b> Agency: Seal maker</p> <p>Company seals are ordered from abroad, usually made in the United Kingdom not locally in The Gambia. Certain accounting and legal firms place and receive the order on behalf of the newly registered companies by courier services or DHL. The cost depends on the quality and size of the seal.</p>	18 days	USD 200

Source: *doingbusiness.org*. Search date 25.11.2014.

EXAMPLE OF ANNUAL TAXES AND MANDATORY CONTRIBUTIONS  
FOR A MEDIUM-SIZE COMPANY

APPENDIX 8

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value Added tax	12		240	15%	domestic purchases	220.97	not included
Minimum income tax	1	final payment		2%	turnover	35.35	
Social security contributions	12		96	10%	gross salaries	11.28	
Capital gains tax	1			higher of 10% of sale price and 25% of gain	capital gains	6.06	
National Education Levy	1			between GMD 30,000 and GMD 50,000	depends on turnover (in excess of GMD 5 million)	5.37	
Municipal business license	1			varies by industry		3.22	
Contribution to injuries compensation fund	0	paid jointly		1% with a max of GMD 15 per month per employee	gross salaries	1.04	
Fringe benefits tax provided to employees	1			35%	benefit	0.39	
Property tax	1			0.3%	assessed property value	0.29	
vehicle tax	1				tonnage of vehicle	0.13	
Environmental tax	12			GMD 1 per employee per month		0.08	
Business registration	1				fixed fee	0.05	
Corporate Income Tax	4	advance payment(s)	40	32%	taxable profit	0.00	
Fuel tax	1				included in fuel price	0.00	
Stamp duty on contracts	1			2.5%-10%	contract value	0.00	small amount
Totals:	50.0		376.0			63.3	

**Notes:** Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table. The hours for VAT include all the VAT and sales taxes applicable. The hours for Social Security include all the hours for labour taxes and mandatory contributions in general. (Source: doingbusiness.org. Search date 25.11.2014)

EXAMPLE OF THE PROCEDURES, TIME AND COSTS TO BUILD A  
WAREHOUSE IN GAMBIA;

APPENDIX 9

- including obtaining necessary licenses and permits, completing required notifications and inspections and obtaining utility connections.

No.	Procedure	Time to Complete	Associated Costs
1	<p><b>Consult and purchase the application for development permit (Form 1)</b>  <i>Agency:</i> Department for Physical Planning and Housing (DPPH)</p> <p>The application is requested by the Department of Physical Planning. Companies often consult with the authorities about the project.</p>	1 day	no charge
2	<p><b>Submit development permit application</b>  <i>Agency:</i> Department for Physical Planning and Housing (DPPH)</p> <p>The application for a development permit consists of:</p> <ul style="list-style-type: none"> <li>• Form 1</li> <li>• Drawings (three sets)</li> <li>• Evidence of ownership</li> </ul> <p>The application must be submitted with three complete set of drawings. After the development permit is issued, one set of drawings will be returned to the owner, and this set of approved plans must be kept at the building site, open to inspection by the authorities. The owner must also show evidence of ownership (photocopy of the title deed lease document or certificate of occupancy), or land tax payment for land owners.</p> <p>The cost since January 2008 has been GMD 10.00 per sq. m. and GMD 15.00 for the form.</p>	1 day	GMD 13,021
3	<p><b>Obtain development permit from Development Control Unit (Form 2)</b>  <i>Agency:</i> Development Control Unit (Department of State for Local Government)</p> <p>Upon scrutinizing evidence of land ownership, land use, and building plans, the Planning Authority approves the application, and the Development Control Unit issues a development permit, which consists of the following:</p> <ul style="list-style-type: none"> <li>• Form 2</li> <li>• Approved plans, stamped and signed (one set)</li> <li>• Form 4, Commencement notice. The developer must complete and</li> </ul>	28 days	no charge

	<p>send Form 4 to the Department of Physical Planning before starting any construction work</p> <ul style="list-style-type: none"> <li>• Form 9, Notice of completion</li> </ul> <p>The authority does not have an official fee schedule. The Development Control Regulations were adopted in 1995 and have not been altered since then. Lack of time-limits for this procedure exacerbates the fact that applicants must constantly follow up. In principle, the Planning Authority should be notified of the commencement of the construction works, but this does not happen in practice.</p>		
4	<p><b>Submit Commencement Form (Form 4) to the Department for Physical Planning and Housing (DPPH)</b>  <i>Agency: Department for Physical Planning and Housing (DPPH)</i></p> <p>At the beginning of the construction works, the Department of Physical Planning should be notified. The developer must fill out Form 4 and send it to the Department for Physical Planning and Housing (DPPH)</p>	1 day	no charge
5	<p><b>Receive inspection - I</b>  <i>Agency: Development Control Unit (Department of State for Local Government)</i></p> <p>The Department of State for Local Government has the right to inspect during construction. Inspections as a matter of fact should be phased after each major stage of construction. But the inspections practically turn into random ones and take a few hours. Often the inspection will occur if there is a problem reported or if the department suspects that the developer did not pay all the required fees. BuildCo does not need to request the inspection.</p>	1 day	no charge
6	<p><b>Receive inspection - II</b>  <i>Agency: Development Control Unit (Department of State for Local Government)</i></p> <p>The Department of State for Local Government has the right to inspect during construction. Inspections as a matter of fact should be phased after each major stage of construction. But the inspections practically turn into random ones and take a few hours. Often the inspection will occur if there is a problem reported or if the department suspects that the developer did not pay all the required fees. BuildCo does not need to request the inspection.</p>	1 day	no charge
7	<p><b>Submit Form 9 to request the certificate of completion</b>  <i>Agency: Development Control Unit (Department of State for Local Government)</i></p>	1 day	no charge



	At the end of the construction works, the Planning Authority must be notified. The developer must fill out Form 9 and send it to the Development Control Unit. The Authority would then come out to the construction site to issue a certificate of completion. This step is not widely done in practice; however some companies do follow this requirement.		
8	<b>Receive final inspection</b> <i>Agency:</i> Development Control Unit (Department of State for Local Government)	1 day	no charge
9	<b>Obtain certificate of completion</b> <i>Agency:</i> Development Control Unit (Department of State for Local Government)  The certificate of completion is needed to obtain a water connection. There is no need to update the property title for the inclusion of the building.	35 days	no charge
10	<b>Request water connection approval from NAWEC - Water Department</b> <i>Agency:</i> National Water and Electricity Company (NAWEC)  The developer must apply to the National Water and Electricity Company for the water and sewage connection. Moreover, the developer must complete the works down to, and including, a manhole within 3 meters of the plot boundary nearest to the sewer. After the application for the water and sewage connection, the water and electricity utility performs an inspection. The application fee is deducted from the connection fee.	1 day	GMD 200
11	<b>Receive inspection from NAWEC - Water Department</b> <i>Agency:</i> National Water and Electricity Company (NAWEC)	1 day	no charge
12	<b>Obtain connection to water services from NAWEC - Water Department</b> <i>Agency:</i> National Water and Electricity Company (NAWEC)	72 days	GMD 8,200

Source: [doingbusiness.org](http://doingbusiness.org). Search date 25.11.2014.

EXAMPLE OF THE PROCEDURES, TIME AND COST REQUIRED TO  
OBTAIN AN ELECTRICITY CONNECTION FOR A NEWLY CONSTRUCTED  
BUILDING IN GAMBIA

APPENDIX 10

No.	Procedure	Time to Complete	Associated Costs
1	<p><b>Submit application to National Water and Electricity Company (NAWEC) and await site inspection</b> Agency: National Water and Electricity Company (NAWEC)</p> <p>NAWEC's headquarter is in Kanifing itself (where the warehouse would also be built) – Customer has to fill out an application and attach a copy of the business registration, a location plan of the property (can be sketched by self) and indicate the number of the pole nearest to the premises – an initial deposit has to be made but will be deducted from the total connection cost – NAWEC will then carry out a survey to do a feasibility study.</p>	11 calendar days	GMD 200
2	<p><b>Customer hires NAWEC pre-qualified electrical contractor for conducting external connection works</b> Agency: NAWEC Pre-qualified contractor</p> <p>When customers apply for a service that would require an extension of poles or transformer, NAWEC provides them the list of Prequalified electrical contractors and they would contact them directly. Usually, customers contact more than one contractor for a quotation and in most cases, they go for the lowest price.</p>	1 calendar day	GMD 0
3	<p><b>Receive site and internal wiring inspection from NAWEC and await estimate</b> Agency: National Water and Electricity Company (NAWEC)</p> <p>This is the survey done by NAWEC to conduct a feasibility study. The Survey usually involves that someone will come and visit the premise and make an estimate. Someone from the applicant's party has to be present at the time of the inspection.</p>	14 calendar days	GMD 0
4	<p><b>Customer's pre-qualified contractor conducts external connection works</b> Agency: NAWEC Pre-qualified contractor</p> <p>The pre-qualified contractor hired by customer conducts all external connection works. He also purchases all materials. When being hired, he gives a quotation to the customer with all costs included.</p>	45 calendar days	GMD 709,800
5	<p><b>NAWEC conducts site inspection for meter installation, installs the meter and electricity starts flowing</b></p>	7 calendar days	GMD 0

	<p>Agency: National Water and Electricity Company (NAWEC)</p> <p>Getting the meter in the past was sometimes a problem, but NAWEC claims that they have this size on store. NAWEC's Business Unit will request the material. Once the meter has been installed, electricity starts flowing right away. The customer's electrician takes care of the electricity to start flowing by connecting internal and external wiring.</p>		
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Source: *doingbusiness.org*. Search date 25.11.2014.

**Legislation:**

Companies Act. 1955.  
<http://www.doingbusiness.org/~media/FPDKM/Doing%20Business/Documents/Law-Library/Gambia-Companies-Act.pdf>.

Labour Act. <http://www.doingbusiness.org/~media/FPDKM/Doing%20Business/Documents/Law-Library/Gambia-Labour-Act.pdf>.

Environmental Quality Standards Regulations 1999.  
<http://www.gipfza.gm/dev/Portals/1/downloads/NEM%20Act%201994.pdf>.

Forest Act, 1998. <http://faolex.fao.org/docs/texts/gam19052.doc>.

Forest Regulations, 1998. <http://faolex.fao.org/docs/texts/gam50110.doc>.

Hazardous Chemicals and Pesticide Control and Management Act 1994.  
<http://www.lexadin.nl/wlg/legis/nofr/oeur/arch/gm/Hazardous%20Chemicals%20and%20Pesticides%20Control%20and%20management%20Act%201994.doc>

National Environment Management Act(1994).  
<http://www.lexadin.nl/wlg/legis/nofr/oeur/arch/gm/NEMA.doc>

Plant Importation and Regulation act. <http://www.lexadin.nl/wlg/legis/nofr/oeur/arch/gm/pqact.pdf>

Wildlife Conservation Act, 1977 (Act No. 1 of 1977). <http://faolex.fao.org/docs/pdf/gam6280.pdf>.

**Authorities:**

Dealing with construction permits.  
<http://www.doingbusiness.org/data/exploreconomies/gambia/dealing-with-construction-permits>.

Gambia business guide. <http://www.accessgambia.com/information/business.html>.

Gambia Investment Incentives guide. <http://www.accessgambia.com/information/investment.html>.

Gambia Law & Government. <http://www.justlawlinks.com/GLOBAL/global/zgm.htm>.

Gambia Tourism Authority (Board). <http://www.accessgambia.com/information/gambia-tourism-authority.html>.

Ministries of the Gambian Government: <http://www.accessgambia.com/information/government-ministries.html>.

Starting a business in Gambia:  
<http://www.doingbusiness.org/data/exploreeconomies/gambia/starting-a-business>.

Taxation in Gambia. <http://www.doingbusiness.org/data/exploreeconomies/gambia/paying-taxes>.

TIN NO:.....



FORM A

**BUSINESS REGISTRATION ACT  
NO. of 1973**

Section 5

**APPLICATION FOR BUSINESS REGISTRATION  
or  
RENEWAL OF REGISTRATION**

1. Name in which business is carried on or is to be carried on .....

.....

2. Place of Business .....

.....

NOTE: Please furnish Town, Road and House/Shop No .....

.....

3. Full name and address of owner of business .....

(Please furnish business as well as residential address showing Town, Road and No. including Post Office Box No. If any. In the case of Company, indicate address of the Registered Office).

4. Whether the owner of business is

(a) Individual .....

or

(b) Company .....

or

(c) Partnership .....

(i) If individual, Nationality of owner of business .....

(ii) If Company name and address of Directors and Country and place of incorporation .....

.....

(iii) If Partnership, names and address of partners and their respective share of capital and profit or loss in the business:

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5. Type of business whether Manufacturing (what articles manufactured) .....

.....

.....

Trading (what major-items of articles) .....

Servicing: (what type of service) .....

Any other (state): Name of Business .....

Type of Business .....

Place of Business .....

Date on which business commenced or is to commence .....

6. Approximate capital employed in the business, (in the case of partnership or a private limited company, the contribution of each partner or shareholder to capital:

.....  
.....  
.....

7. Number and nationality of paid employees .....

.....

8. Date and number of previous registration of business (if application is for renewal) .....

Date ..... 20 .....

.....  
*Signature*

(State whether Managing Director/Director's Secretary etc)

Address .....

.....  
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.....



# GAMBIA TOURISM BOARD

## REQUIREMENTS FOR LAND ALLOCATION IN THE TOURISM DEVELOPMENT AREA (TDA)

*Please Read these Notes Carefully Before Filling an Application Form*

### GENERAL REQUIREMENTS

**All Applicants must provide the following:**

- 1) Business Registration Certificate (Gambia)

#### **For Corporate Applicants:**

- ❖ Memorandum and Articles of Association
  - ❖ Current Shareholders' and Current Directors'
  - ❖ Assets and Statements of Accounts of Last Financial year
- 2) A Feasibility study of the Proposed Project (Ten Copies) with a Soft Copy
  - 3) Evidence of Funds Available for the Proposed Project
  - 4) Statement of Support from Bankers / Financiers
  - 5) The Application should be accompanied by a receipt indicating payment of a Non-Refundable Fee of **D20, 000.00 (Twenty thousand dalasis)** for all categories of Developments projects.
  - 6) Duly filled application form obtainable at the GTB at D500.00 (five hundred dalasis)

**Application should be sent to:**

**The Director General  
Gambia Tourism Board  
Kololi  
P.O.BOX 4085, Bakau  
K.M.C, The Gambia**

Kololi, P.O. Box 4085, Bakau, K.M.C, The Gambia, Tel: (220) 4462491/0/6, Fax: (220) 4462487, Email: [info@gtb.gm](mailto:info@gtb.gm)

Source: Gambia Tourism Board; Salomon Bojang, Bakau, The Gambia