

## **SME Development Challenges in Cameroon: An Entrepreneurial Ecosystem Perspective**

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**Abstract:** In most of the world's economies, small and medium-sized enterprises (SMEs) are regarded as vectors for job and wealth creation. This dynamic presence helps generate growth and redistribute wealth in developed and developing countries alike. Their important role in reducing poverty in the African countries is also gaining recognition. However, the venture creation and development process requires an enabling environment which should provide sufficient quantities and qualities of physical, financial, human, information and relationship resources. The business environment in Africa and the lack of resources in the African ecosystem are considered to be among the continent's main causes of business failure and poor competitive capacity. More than 100 SME owner-managers in Cameroon responded to a survey concerning their ability to compete in a global business environment. Their responses appear to show that SMEs face some significant challenges if they wish to grow or simply survive. An environment that offers plenty of resources but is deficient in terms of organization, resource access and stakeholder behaviour constitutes an additional challenge for these owner-managers – one that they cannot address without help. The public authorities therefore face an important task, which is to improve the competitive capacity of the country's SMEs by upgrading the current business ecosystem and infrastructures, and bringing them into line with global standards.

**Keywords:** Cameroon, SME, development, entrepreneurial ecosystem

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### **1. Introduction**

In most of the world's economies, small and medium-sized enterprises (SMEs) are regarded as vectors for job and wealth creation (World Bank, 2014). Through their investments and consumption, they create value and produce a plethora of goods and services, thereby playing a significant role in funding public services and creating a dynamic local economy (Goudreault and Hébert, 2013). In short, they are a unique asset for development, serving as both a motor for growth and a tool for redistribution of wealth (ESF, 2009, p. 1).

In Sub-Saharan Africa (SSA), the SME sector accounts for more than 90% of all firms. Between 70% and 80% of SMEs are micro-firms or very small firms. They are the main source of jobs and income for Africans, after subsistence farming (Tadesse, 2009, p. 17). If the African countries wish to speed up their economic development, they would certainly gain from supporting the emergence and growth of SMEs. Some have understood this, and have set up dedicated small business agencies and ministries. In addition, growing numbers of researchers are suggesting that political decision-makers who wish to strengthen the

private sector should focus on the legislation, regulations and institutional mechanisms that condition or shape economic life (World Bank, 2013).

An appropriate political framework and a relevant legal and regulatory environment are essential to the survival of SMEs and SME support programs, since many of the obstacles faced by these firms derive from the global environment (Hobohm, 2001). In other words, the environment in which SMEs do business must be conducive or favourable to their development. “The business environment can be defined as the set of political, legal, institutional and regulatory conditions governing business activities” (free translation from the original French) (ESF, 2009, p. 4). In Africa, the business environment is regarded as one of the main causes of firm failure and poor performance, and a better investment climate is considered a priority by the World Bank (Bigsten and Söderbom, 2006). But what do SME owner-managers think? Is the environment conducive to business emancipation, and will it help them to become more competitive? These are the questions discussed in this paper, which is based on a survey of SME owner-managers in Cameroon aimed at identifying the (external) obstacles to firm growth.

The text is divided into five sections. The first section presents the main theories on the influence of the environment for firms. The second section examines the obstacles to development faced by SMEs in Sub-Saharan Africa and describes the recent evolution of Cameroon’s economy. The third section presents the methodological framework, and the fourth, the findings from a survey of Cameroon entrepreneurs. The fifth and last section discusses the findings, concludes the paper, identifies some of its limitations and proposes avenues for future research.

## **2. Firm and development**

### **2.1. The firm and ecosystem**

Contingency theory has highlighted the importance for a firm to operate in a well-matched environment that will allow it develop and survive. Burns and Stalker (1961) identified organizational forms (mechanical, organic) suited to different types of environments (stable, dynamic), while Lawrence and Lorsch (1967) found that the fit between the internal structure and environmental constraints of a firm was a factor in organizational efficiency.

Other researchers have found that the relationship between an organization and its environment are not always harmonious: the external environment can be either hostile or facilitator in nature. A theoretical trend known as population ecology emerged in the second half of the last century, and is relevant to the hostile perspective. Its proponents assert that an organization’s survival is linked to natural selection within a community of organizations, and not to its internal resources (Rouleau, 2007). An organization’s ability to change and adjust to its environment appears to be limited by organizational inertia (Hannan and Freeman, 1977). In other words: “Changes in the organizational landscape result from a phenomenon of selection rather than a phenomenon of adaptation [...]” (free translation from the original French) (Bédanger and Mercier, 2006, p. 45). Environmental turbulence or forces would therefore have a greater impact on firm survival than management’s wishes or choices.

In contrast, other authors have emphasized the importance of external factors for firm development. From this perspective, the firm’s environment is viewed as a space for resources and actors that may, or actually

do, contribute directly or indirectly to the firm's success. The firm is considered as a component of a business ecosystem (Moore, 1993) or entrepreneurial ecosystem (Isenberg, 2011a; Spilling, 1996). In the case of a "business ecosystem", the term is used to denote the relationships a firm maintains with other firms in order to achieve a shared goal. Firms in a business ecosystem *coopetition* (i.e. work together and compete) to develop new products and satisfy customer needs (Moore, 1993). A business ecosystem is therefore a network of firms, and is less relevant to the approach taken in this paper, which adopts a broader view of the interactions between a firm and its environment more in line with the concept of entrepreneurial ecosystem.

There is no definition of entrepreneurial ecosystem on which all researchers agree (Cross Border Virtual Incubator, 2013), although there are some definitions that help understand the concept. Spilling (1996) defines an entrepreneurial ecosystem as a diverse and complex web of actors, roles and environmental factors that interact to establish the entrepreneurial performance of a region or place. Isenberg (2010) defines it as a complex combination of elements (e.g. leadership, culture, capital market) which are conducive to entrepreneurship but are insufficient, in and of themselves, to support it.

These two definitions bring out two important factors, namely the number of components in an entrepreneurial ecosystem, and the interactions between them. An entrepreneurial ecosystem therefore seems to comprise all the economic actors and environmental factors that exist within a given geographic space (Spilling, 1996) and contribute to venture creation and development. Better still, an entrepreneurial ecosystem is the interaction between a set of institutional elements and individual actors conducive to entrepreneurship, innovation and SME growth (Mazzarol, 2014). But what, specifically, are the elements that make up this system? A study of the various models will help answer this question.

## **2.2. The entrepreneurial ecosystem**

As noted earlier, there is no general definition of what an entrepreneurial ecosystem is, and the literature yields a number of different models. These models are presented individually below, and are shown collectively in a comparative table (see table 1).

Cohen (2006) proposes a model comprising seven elements: informal network (the entrepreneur's friends and family, colleagues, etc.), formal network (economic community groups: research centres, etc.), universities, government (regulations, incentive policies, subsidies, etc.), professional and support services, capital access, and talent pool (access to a qualified workforce).

Isenberg (2011b) suggests the elements in the entrepreneurial ecosystem can be grouped into six domains: "*a conducive culture, enabling policies and leadership, availability of appropriate finance, quality of human capital, venture-friendly markets for products, and a range of institutional and infrastructural supports*". These domains contain 12 factors: financial capital (finance), success stories and societal norms (culture), non-government institutions, infrastructures and professional services (infrastructural support), educational institutions and labor (human capital), networks and early customers (markets), and leadership and government (policy).

Suresh and Ramraj (2012) propose an eight-part model: moral support (from family and social acquaintances), financial support (from formal and informal sources), network (professional associations,

social networks, etc.), government support (via support agencies, incubators, rewards, etc.), social support (rewards from professional associations and cultural acceptance of failure; appreciation of entrepreneurs counts as social support), technology (availability of new technologies developed in training institutes, imports of foreign know-how, availability of local talent, etc.), market (market opportunities, reports from professional associations and/or the government, loyal customers, trade fairs and exhibitions, etc.), and environment (availability of natural resources and climate).

**Table 1. Summary of entrepreneurial ecosystem components**

<b>Cohen (2006)</b>	<b>Isenberg (2011b)</b>	<b>Suresh and ramraj (2012)</b>	<b>World economic forum (2013)</b>	<b>Mazzarol (2014)</b>
Government	Policy		Infrastructure and regulatory framework	Government policies Legislative and regulatory framework
	Infrastructure			Infrastructure
Capital services	Finance	Financial support	Finance	Finance
Informal network	Culture	Social support Moral support	Cultural support	Culture
Talent pool	Human capital		Human capital and workforce	Human capital and workforce
Formal network		Government support Network support	Support system	Mentors and support Systems Advisors
Professional and support services		Technology support	Education and training	Education and training
	Market	Market support	Accessible markets	Markets
University			Major universities as catalysts	Major universities as catalysts
		Environmental support (availability of natural resources and climatic conditions)		

The World Economic Forum (2013) identifies eight aspects of entrepreneurial ecosystems: accessible markets (local and foreign markets), human capital and workforce (managerial skills, technical skills, possibility of subcontracting, access to workforce from immigration, etc.), financing (family and friends, business angels, venture capital, access to loans, etc.), support system (mentors/advisors, professional services, incubators, entrepreneurial networks), regulatory framework and infrastructure (tax incentive policies, framework conducive to venture start-up, access to basic infrastructures [water, electricity], access to telecommunications/bandwidth, access to transportation, policies and legislation conducive to business), education and training (specific training for entrepreneurs, available graduate workforce, available workforce with pre-university training), major universities as catalysts (they play a key role in providing graduates for new ventures, developing new venture creation ideas and promoting a culture that is respectful of entrepreneurship) and cultural support (tolerance of risk and failure, model successes/role models, preference for self-employment, research culture, positive image of entrepreneurship, appreciation of innovation).

Mazzarol (2014) proposes a model adapted from those of Isenberg (2011b) and the World Economic Forum (2013), made up of nine components: government policies, legislative and regulatory framework, infrastructure, finance, culture, advisors, mentors and support systems, major universities as catalysts, education and training, human capital and workforce, and markets.

There are no major differences between the models presented above (see table 1); basically, they use different labels for similar components, or divide up ecosystem content in different ways. For example, Isenberg (2011b) draws a distinction between ‘infrastructures’ and ‘government policies’, while the World Economic Forum (2013) groups them together under the heading of ‘regulatory framework and infrastructure’. The same applies to all the models.

There are, however, some methodological differences. Cohen (2006), for example, builds his model from research reported in the literature, while Suresh and Ramraj (2012) propose a theoretical model designed by them and tested on a sample of 30 potential entrepreneurs (engaged in the venture creation process) in India. As for Isenberg (2011b), his model is basically theoretical, and is derived from Babson College’s work. Mazzarol’s (2014) model has not been tested in a real-world context, and the World Economic Forum’s (2013) model is based on a survey of 1,042 entrepreneurs in 23 countries (Asia, Latin America, North America, Africa, the Middle East and Europe). In this study, the entrepreneur-respondents identified the pillars they felt were most important for firm growth and success, namely accessible markets, human capital and workforce, and finance (World Economic Forum, 2013).

The most complete proposal, and the one that appears to encompass all the others, seems to be that put forward by the World Economic Forum (2013). It will therefore be used for the remainder of this paper, with one change that we feel is necessary: a distinction between infrastructure and legislative/regulatory framework. These two elements are completely different in nature and do not interact with the firm in the same way.

An entrepreneurial ecosystem, through the components identified in table 1, provides novice and experienced entrepreneurs with the resources they need to facilitate venture creation and support business development. When all these elements are present in a given geographical space, the result is a favourable climate in which entrepreneurs can take risks and seize opportunities.

However, it is important to note that there are different types of entrepreneurial ecosystems. In a study of socio-economic variables in 69 emerging and developed countries during two different periods (1998-2001 and 2002-2005), Voelker (2012) identifies several ecosystems which he labels as follows: *new business*, *knowledge center*, *dreamers*, *middle of the road*, and *innovators*. The “new business” and “knowledge center” ecosystems appear to be more common in developed economies, and the “dreamers” and “middle of the road” ecosystems in emerging economies. Voelker also notes a connection between culture and ecosystem type, but states that it is not a key factor in ecosystem diversity. He also suggests that the transition to the “developed country” system is advantageous, although neither system is necessarily superior to the other. Model types are therefore not static, and can change. In any given environment, the pillars or components of the entrepreneurial ecosystem can either deteriorate or improve, depending on dynamics (ambient cultural values, actions and intentions of actors such as the government or business leaders). It is therefore up to governments and political leaders to work with other actors to create the frameworks and take the steps required to improve ecosystem quality.

In addition, every ecosystem must be customized to suit the characteristics of the surrounding geographical area, region or industry, the firms and entrepreneurs that wish to work in it, the available resources, the resources provided by the actors, and the actors' abilities and skills (Soto-Rodríguez, 2014). An ecosystem that does not offer enough of the elements required to meet the needs of its entrepreneurs and firms may therefore hinder their development and be detrimental to entrepreneurship.

The next sub-section will consider previous research in the African context, and will identify the main needs and difficulties encountered by SMEs in this region of the world.

### **2.3. Some SME development challenges in Sub-Saharan Africa**

Obstacles to SME development may be environmental, financial or managerial in nature (Oirya, 2010). The following reflection will focus only on the external elements that may potentially have a negative impact on SME development in Sub-Saharan Africa (SSA), as identified in past research.

Mambula (2002) surveyed 32 SMEs in Nigeria to identify the factors limiting their growth and development. Among the main obstacles identified by the owner-manager respondents were lack of funding, poor infrastructure quality (bad roads, irregular and insufficient water and electricity supplies, poor quality telecommunications systems), and difficulty in obtaining equipment, spare parts and raw materials. Respondents also mentioned the lack of contact with research institutes, in particular for obtaining information on markets, business opportunities and new product development methods.

Obokoh (2008) surveyed 369 manufacturing SMEs in Lagos (also in Nigeria), and identified the following elements as being the main factors in business failure: access to funding (due to the fact that the legislative and regulatory framework did not provide protection for lenders), and inconsistency in the application of government SME development policies (which were often designed without regard for the nature and level of education of beneficiaries). In addition, policies were often under-funded, and qualified personnel were not available in sufficient numbers to meet needs (Mambula, 2002). Mambula (2002) also found significant differences in the language, culture and religion of entrepreneurs, which complicated the task of the civil servants responsible for applying the policies.

Tushabomwe-Kazooba (2006) conducted a mix-study (interview and questionnaire) using a sample of 133 active SME owner-managers in two locations (Bushenyi and Mbarara) in Uganda, to find the causes of business failure. He identified a number of internal factors (lack of formal accounting, mixing of family and business, no business plan, etc.) and external factors. Of the latter, taxation was ranked first, followed by electricity power cuts, lack of capital and high rental costs.

Ishengoma and Kappel (2011) used secondary data to analyze changes in Uganda's business environment between 2004 and 2010. Their findings revealed a significant deterioration during the period under study, and highlighted several external factors restricting business development: limited access to funding, corruption, deficient public services, high taxes, and inefficient administrative services. The study was enriched by a survey of SME owner-managers, which revealed a positive correlation between SME growth and access to business development services and financing –resources that “may enable a firm to produce quality products and access the market at low transaction costs” (Ishengoma and Kappel, 2011, p.

360). In addition, limited access to the market and productive resources (financing, business development services), and high taxes, were both negatively correlated with SME growth.

Corruption appears to be one of the main hindrances to business development in Africa. Although not exclusive to Africa, it is nevertheless rife throughout that continent, at least for businesses. According to some estimates, corruption in Africa accounts for a much larger percentage of firm turnover than anywhere else – more than 13 times the level for Eastern Asian firms, and more than double that for firms in other regions (Bigsten and Söderbom, 2006, p. 100). Bigsten and Söderbom (2006) also note that African SMEs pay proportionally more bribes than their larger counterparts.

With regard to energy, African firms have the most irregular electricity supplies in the world. On average, African firms are without electricity for 13% of the time – twice as long as in the second-ranked region, South Asia (7%) (Larossi, 2009). In 2007, the World Bank estimated the average duration of electricity blackouts (disconnections) at 90.9 days. Clearly, this may cause significant losses of potential earnings. In Africa, electricity is not only rare, it is also expensive. Larossi (2009) notes that firms in Asia pay an average of 7% less for their electricity than firms in Africa, while firms in India and Vietnam pay 11% less. Based on an analysis of electricity costs in 48 developing countries (nine of which were in Africa), Larossi concluded that, despite some inter-country differences, Africa as a whole is not generally competitive from an energy standpoint.

As for telecommunications, Onyeiwu (2002) examined the level of information technology development in 54 African countries, and found a significant difference between the more advanced countries and the rest. Countries such as South Africa, Namibia and Botswana had technology development indicators above 7, whereas the scores for most of the other countries were below 0.4. In 2013, the International Telecommunication Union (ITU)<sup>1</sup> estimated that only 16.8% of Africans used the Internet. In a classification dominated by Europe (73.1%), Africa lagged far behind Asia and the Pacific (30.1%). In Cameroon, in 2013, the percentage of Internet users was estimated at 6.40%, compared to 37.50% for Cape Verde, 20.90% for Senegal and 16.40% for Equatorial Guinea. This technological lag clearly has an impact on the development of local firms and their ability to enter the world economy.

In Senegal, Tiberghien (1989) observes that the smooth functioning of a firm depends to a large extent on the quality of its contacts with public authorities, major private corporations and major retailers. In Nigeria, Okpara and Wynn (2007) note that political activities have a negative impact on SME development, since public contracts are usually given as political rewards (to supporters or financial contributors), instead of to the most competent firms. In Uganda, Tushabomwe-Kazooba (2006) notes that firms can also use political affinity to avoid taxes, prevent tax audits and achieve customer loyalty. The owner-manager's "network" appears to be an essential factor for success in such an environment.

In short, financing, basic infrastructures (telecommunications, electricity) and corruption appear to be significant weaknesses in the entrepreneurial ecosystems and business environments of many African countries. These findings are supplemented by the work of Driouchi and Gamar (2015), who examined data from 118 countries (including Cameroon)<sup>2</sup> and concluded that corruption, income level (assessed as

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<sup>1</sup> <http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx> , consulted on November 8, 2014.

<sup>2</sup> For this study, the authors used data from various international surveys by institutions such as the World Bank, the World Economic Forum, Doing Business, World Heritage, the Global Entrepreneurship and Development Institute, etc.

GDP per inhabitant), use of information and communication technologies (ICT) and level of education were the main determinants of entrepreneurial development<sup>3</sup> (Driouchi and Gamar, 2015).

The next section of the paper examines the specific case of Cameroon and the facilities it is able to offer to SME owner-managers.

### 3. Business environment in Cameroon

Cameroon is a Central African country that is a member of CEMAC<sup>4</sup>. As it looks towards the horizon of 2035, Cameroon would like to be an “emerging country” with an economy “characterized [...] by a predominant industrial and manufacturing sector (in terms of GDP and exports), [and] effective integration into the world economy” (MINEPAT, 2010, p. 50, free translation from the original French). By 2030, Cameroon plans to have a healthy, competitive and diversified manufacturing sector able to reverse the current foreign trade structure (exports and imports) (MINEPAT, 2010, p. 51) by exporting more manufactured goods than primary products (Sevaistre, 2010)<sup>5</sup>. Given that the best economies are those in which governments have introduced rules to facilitate market interactions without necessarily inhibiting business development (World Bank, 2013), if Cameroon is to achieve its goals it will need a framework conducive to business development in general and the development of manufacturing firms in particular. What, then, is its status today?

Overall, the business environment appears to have deteriorated in Cameroon. In the World Bank report entitled *Doing Business*, Cameroon’s ranking fell by ten places between 2014 and 2015, from 148<sup>th</sup> to 158<sup>th</sup>. However, this decline does not, of itself, provide sufficient information on the mechanisms and pitfalls that encourage or hinder business development in that country.

First, it is important to note that there has been a strong political will since the 1960s, when the country achieved independence and began to introduce various structures to stimulate and support venture creation. These structures include: the CAPME, created in 1970, which is responsible for studying and helping small and medium-sized enterprises; the SNI, created in 1964 to manage State portfolio firms, study public investment opportunities, and direct national savings in order to fund investments; the Cameroon Development Bank (BCD), created in 1961 to fund private investments; the Industrial Zone Development and Management Mission (MAGZI), which is responsible for developing and managing industrial zones; and FOGAPE, which underwrites loans to SMEs.

However, while this institutional infrastructure originally produced good results (emergence of many firms of different sizes), it subsequently began to decline. Poor management and lack of State means (due mainly to the economic crisis), combined with a structural adjustment, led to the abolition of some of these organizations (BCD, CAPME and FOGAPE) in the late 1980s and early 1990s, and to a significant reduction in the activities of those that survived (MAGZI and SNI for example).

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<sup>3</sup> Corruption is the only element with a negative impact.

<sup>4</sup> Central African Economic and Monetary Community.

<sup>5</sup> In 2009, manufactured products accounted for an estimated 10% of Cameroon’s exports and 40% of its imports (OECD/WTO, 2011).



Local business development once again became a priority for the Cameroon government in the early 2000s, when a number of structures were created to transform political will into reality. They include two government ministries, the Ministry of SMEs, social economy and handicraft (MINPMEESA) and the Ministry of Industry (MINIMDT). The mission of the former is to prepare, implement and assess government policy for the development of small and medium-sized enterprises, the social economy and the craft sector<sup>6</sup>, while the latter is responsible for preparing industrial development strategies involving natural resource processing and mining, and technological development in different sectors of the national economy<sup>7</sup>. They were followed some years later by the Investment Promotion Agency (API; presidential decree n°2005/310 dated September 1, 2005), the SME Promotion Agency (APME, created in April 2013) and the National SME Bank (created in 2013). The bank became operational in July 2015 and the agency is still to recruit its personnel (the first board meeting was held on April 02<sup>nd</sup>, 2015).

There are also a number of professional associations, the best-known of which are the Inter-Employer Grouping of Cameroon (GICAM), the Union of Cameroon Industrialists (SYNDUSTRICAM), the Cameroon Inter-Professional Association for the Agro Industries (AGROCOM), Cameroon Enterprises (E-CAM), and others.

In terms of material infrastructures, Cameroon's road network comprises roughly 50,000 kilometres of roads, only 10% of which are tarred. Of this 10%, roughly 25% are in good condition (MINEFI, 2005). "This situation considerably [hinders] the competitive capacity of firms, whose transportation costs are logically higher, given the greater risk of losing products before they reach the market" (MINEFI, 2005, p. 6, free translation from the original French).

In the information and communication technology sector, Cameroon was ranked as one of the countries with the lowest level of digital access in 2002, with an estimated digital access index<sup>8</sup> of 0.16 (MINEPAT, 2010; Simard, 2003). Very little progress appears to have been made since that time. The country's ICT development index (an index that monitors and compares ICT progress in different countries) remained stagnant at around 1.7 (on a scale of 10) in 2011 (1.66) and 2012 (1.72); in this particular classification, Cameroon ranked 136<sup>th</sup> out of 157 countries for both years (ITU, 2013).

From an energy standpoint, Cameroon is facing a structural deficit despite its hydroelectric potential (MINEPAT, 2010). According to an ADB/OECD report (2007, p. 197), Cameroon's hydrological resources are the most extensive in Sub-Saharan Africa (after the Democratic Republic of Congo), but only 1% of them are exploited. To address the energy supply/demand imbalance, Cameroon, working alone or in partnership with private companies, has undertaken several large projects, including the construction of gas-fired electric power plants in various towns, construction of the Lom-Pangar dam and construction of a hydroelectric power plant in Nachtigal. Ultimately, Cameroon should produce enough electricity to be able to export to its neighbours.

In an entrepreneurial ecosystem, some universities are expected to play a leadership role (or to be catalysts) by promoting a culture of respect for entrepreneurship, providing graduates for new companies (World

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<sup>6</sup> Website of the MINPMEESA, consulted on 03-02-2015: [http://www.minpmeesa.gov.cm/?page\\_id=88](http://www.minpmeesa.gov.cm/?page_id=88).

<sup>7</sup> Order-in-council no. 2004/320 of December 8, 2004, on the organization of the Cameroon Government.

<sup>8</sup> The Digital Access Index (DAI) measures the overall ability of people in a given area to access and use information and communication technologies.

Economic Forum, 2013). In terms of universities, Cameroon has three main institutions whose reputations date back to the 1980s: the *École polytechnique* in Yaoundé, ENSAI<sup>9</sup> (the National Higher School of Agro-Industrial Science) in Ngaoundéré and ESSEC (the Higher School of Economic and Commercial Science) in Douala. Employers seem to appreciate graduates from these institutions, who have no trouble finding jobs with local or international firms. They tend to shine in business, and many occupy leading positions in firms (some of which have existed for more than 20 years) in a variety of sectors (industry, service, etc.). Traditionally, Cameroon's education system has always prepared students to become salaried employees. However, given the limited salaried employment market and the range of other opportunities offered by Cameroon's economy, some university institutions (including ESSEC and the Catholic University of Central Africa) have introduced entrepreneurship training programs in the last decade, thereby adding to the plethora of private and public initiatives offering entrepreneurship training for Cameroon's youth.

From a cultural standpoint, Cameroon is a mosaic, with nearly 240 ethnic groups forming different cultural sets. Of these, the Bamileke populations in western Cameroon (often referred to as the Grasslands Bantu) are known for their entrepreneurial mindset and business success in a variety of economic sectors (banks, trade, industry, services, etc.) (Vallée, 1992; Warnier, 1995). There are other examples of entrepreneurial success in groups located elsewhere in Cameroon. In the late 1980s, Atangana Onana (1986, cited by Warnier, 1995) noted that the level of prestige associated with private entrepreneurship had overtaken that associated with the civil service. Entrepreneurship therefore seems to be perceived favourably by the Cameroon population as a whole, although it is more prevalent in certain cultural groups.

Cameroon's financial sector is dominated by the major foreign banks, and non-banking financial institutions play a minor role in the country<sup>10</sup>. Despite the high surplus liquidity of banking institutions in recent years (Banque de France, 2010), "[...] financial intermediation and access to financial services are limited. Loan operation expansion continues to be hindered by the institutions' limited ability to obtain information on borrowers' solvability, while heavy taxes and a 15% interest ceiling on loans to small and medium-sized enterprises (SMEs) discourage the banks, which have traditionally preferred to deal with large, well-established corporations" (free translation from the original French).<sup>11</sup>

In 2013, a partnership between GICAM and five local banks (Afriland First Bank, BICEC, Société Générale - Cameroun, Ecobank and BGFI), with support from the African Guarantee Fund, led to the introduction of a new, 50 billion CFA line of credit to fund expansion, production equipment renewal and modernization investments, with affordable conditions for borrowers (interest rate of 10%, including 8% for the banks and 2% for the African Guarantee Fund). The African Guarantee Fund underwrites 50% of each loan, with the remainder being guaranteed jointly by the owner-manager personally, and the funded equipment as collateral. Loan duration will vary from 18 months to five years.<sup>12</sup>

In short, Cameroon's business environment offers a broad range of resources conducive to entrepreneurship. According to the modified version of the World Economic Forum's ecosystem model, it

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<sup>9</sup> When first created, the institution was known as the ENSIAAC.

<sup>10</sup> Making finance work for Africa, <http://www.mfw4a.org/fr/cameroun/le-secteur-financier.html>, consulted on February 6, 2015.

<sup>11</sup> Op. cit.

<sup>12</sup> <https://www.afriandfirstbank.com/recrutement/posts/0,0/525,des-banques-au-secours-des-pme-camerounaises.html>, consulted on February 6, 2015.

provides cultural support, universities that fulfill their role (to some extent), a developing institutional and regulatory apparatus and some financing options. However, Cameroon's firms are still finding it hard to consolidate their growth and survival. The last general business census in Cameroon found that the average age of the country's firms was just 10 years (INS, 2011), in spite of decades of effort and incentives (some cut short by the economic crisis). There is therefore good reason to wonder whether the ecosystem is in fact entrepreneurial, and if it is truly conducive to the development of Cameroon's manufacturing SMEs. This paper will attempt to answer these questions by examining the growth-limiting factors identified by owner-managers of SMEs in Cameroon. The next sections will describe the methodology used for a 2011 survey of SME owner-managers, followed by the findings from the survey.

#### **4. Context and methodology**

A survey of SME owner-managers in Cameroon was conducted in the spring of 2011, to gather information on their business environment, methods and context. A questionnaire was built from the literature on key SME performance factors and difficulties in Africa. A number of focus groups were organized with various ecosystem stakeholders, including representatives from public authorities, financial institutions, business groups, sector-based associations, consultants and SME owner-managers. Private meetings were then organized at the offices of certain actors, to allow for greater freedom in discussions of ecosystem weaknesses and obstacles to business development. Meetings were held with business associations, major financial institutions, venture capital corporations and SME owner-managers. The information gathered from these meetings was used to enrich the questionnaire, which was then pre-tested on ten business leaders. Its purpose was to collect information on firm profiles (age, sector, size, location, development stage), business practices and activities (scanning, use of management tools and technologies, competitive advantage, network, exports and innovations, etc.), owner-managers' profiles (age, gender, level of education, origins, experience), owner-managers' perceptions of firm performance, their goals as business leaders, and the main obstacles to firm growth.

The revised questionnaire was distributed to more than 200 business leaders in Cameroon's main regions, by university students tasked with collecting information. The firms chosen for the survey had to be in the wood, agro-food, textile, metallurgy or plastic processing sectors, have 15 or more employees and have been in business for at least three years. However, it proved difficult to obtain the required data, and the selection criteria were subsequently adjusted: the minimum firm size was reduced to five employees and the sample was expanded to cover manufacturing sectors other than those identified above. Questionnaires were completed for 193 firms, and 110 were usable for the purposes of the study. The SPSS application was used on the questionnaire data to produce descriptive statistics (frequencies, cross-tabulations), statistical difference tests (ANOVA) and a cluster analysis.

#### **5. Presentation and analysis of findings**

##### **5.1. Sample**

The sample was composed of 110 firms, most (66%) of which were from three sectors (wood, textile, agro-food). The remainder (34%) were from "other" sectors (glass, cardboard, cosmetics, metallurgy, etc.). The firms that responded to the survey were fairly large, fairly young, and worked mostly at local level (see table 2). Their customer base was composed mainly of individuals and VSEs (very small enterprises),

followed by other SMEs. Their main competitive advantage was price, and their main collaborators were their customers and suppliers. In all, 84% of the firms were led by men, 67% of the firms' leaders were also their founders, and 54% were members of business networks. Their average age was 46. The firms used computers for production activities (17%), management activities (87%) and planning activities (26%), while 10% did not use computers at all. The Internet was used mainly for exchanges with business partners (46%), finding suppliers or customers (33%) and advertising the firm (30%). Twenty-eight percent of owner-managers said they did not use the Internet at all.

**Table 2. Firm profiles (N=110)**

Parameters	Parameters' levels	Percentage
<b>Sector</b>	Wood	25%
	Textile	17%
	Agro-food	25%
	Other	33%
<b>Firm age</b> Average: 11.3 years Median: 10 years	0-9	50%
	10-14	27%
	15-19	16%
	20-99	7%
<b>Customer base</b>	Large firms	1%
	Government	1%
	SMEs	36%
	Other (individuals + very small enterprises)	62%
<b>Location of customers</b>	Cameroon	88%
	Africa	5%
	Europe	4%
	Rest of the world	4%
<b>Number of employees</b>	Less than 10	23%
	11-20	12%
	21-40	23%
	41 or more	43%

The owner-managers had an average of just six years of experience, and more than half were university graduates. As business leaders, they therefore had other career experience that was probably helpful in their current positions. They had a broad range of goals, including the following (in decreasing order of importance): making a lot of money, increasing the firm's turnover or size, providing customers with products that met or exceeded their expectations, being their own boss and having great autonomy at work.

The following section presents the findings and explains their relevance in answering the research question. It begins with general analysis of each obstacle, identifying the most dissatisfied firms, and then presents a cluster analysis designed to see which types of firms shared the same concerns.

## 5.2. General analysis

Cameroon's SME owner-managers want their firms to grow, but their environment does not appear to provide the facilities they need to do this. Although they have access to qualified employees (less than 20% of respondents felt their firms were limited in this respect), they nevertheless face other constraints.

According to the owner-managers questioned for the survey, there are three main constraints to firm growth: corruption (62%)<sup>13</sup>, difficulty in obtaining financing (56%), and the country's economic situation (54%). Other constraints include the size of the investments required for growth (46%), the time taken by customers to pay (35%) and the country's legal environment (35%). Two of the first three obstacles are similar to those identified in an international survey conducted by the World Economic Forum ("difficulty in obtaining financing" and "the country's economic situation" can be taken to mean markets or consumers' purchasing power). In this respect, the findings from our study are not surprising.

Corruption is the main obstacle across all sectors (see table 3), and the relative importance of the other obstacles varies by sector. Firms in the agro-food sector are not really affected by foreign competition, but are affected by the country's economic situation and access to financing. The same applies to wood sector firms. Textile sector firms are more sensitive to investments and the availability of financing, but less sensitive to the country's economic situation. Wood sector firms are affected by poor employee behaviour (e.g. use of the firm's equipment for personal ends) and long payment periods, which exacerbate the impact of problems relating to the availability of outside financing. The main endogenous obstacle for agro-food and textile sector firms is the problem of employee motivation for projects.

These findings are also similar to the results of Cameroon's general business census in 2009, when the "[...] obstacles mentioned most often by entrepreneurs were, in declining order of importance, taxation (58,8%), corruption (50,6%), access to credit (37,6%), administrative formalities (35,2%), unfair competition (25,8%), infrastructures (18,4%) and credit costs (18%). The other obstacles to business included lack of dialogue between the private and public sectors, electricity shortages, transportation and the justice system" (INS, 2011, p. 8, free translation from the original French).

There is no difference in the perceived importance of the various obstacles among male and female respondents, other than for "difficulty in obtaining financing", which is more important to male owner-managers ( $p=,003$ ).

Table 4 shows that owner-managers who are members of business groups appear to be less concerned (by these external factors) than those who are more isolated. More people in this latter group identified specific factors as being obstacles to firm growth. This suggests that networks may help overcome deficiencies in the ecosystem, confirming their supporting role. The descriptive statistics reveal differences – some of them considerable – with respect to several elements, but the only significant difference is for "size of investments" ( $p=,006$ ).

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<sup>13</sup> The number in brackets refers to the percentage of owner-managers who cited this aspect as being an obstacle to the growth of their firms.

**Table 3. Main obstacles to SME growth, by sector**

	Whole sample		Wood		Textile		Agro-food*		Other		Anova
	110	%	27	%	19	%	27	%	36	%	P value
<b>Exogenous factors</b>											
Recruitment of qualified staff	20	18%	7	26%a**	0	0%b	6	22%	7	19%b	,135
Country's economic situation	59	54%	17	63%	9	47%	15	56%	18	50%	,698
Overly strong foreign competition	35	32%	8	30%	8	42%	5	19%	14	39%	,268
Size of investments	50	46%	12	44%	12	63%	10	37%	16	44%	,372
Difficulty in obtaining financing	61	56%	17	63%	11	58%	12	44%	21	58%	,561
Country's legal environment	38	35%	10	37%	5	26%	9	33%	14	39%	,819
Corruption	68	62%	17	63%	13	68%	16	59%	22	61%	,935
Time taken by customers to pay	38	35%	13	48%	4	21%	9	33%	12	33%	,295
<b>Endogenous factors</b>											
Consolidation of current activities before expanding	10	9%	3	11%	1	5%	2	4%	4	11%	,870
Lack of time	8	7%	2	7%	1	5%	2	7%	3	8%	,983
Not one of my personal goals	2	2%	0	0%	0	0%	1	4%	1	3%	,677
Difficulty in motivating employees for projects	30	28%	5	19%	5	26%	13	48%	7	19%	,044
Bad behaviour by employees	30	28%	11	41%	3	16%	9	33%	7	19%	,153

\* Missing data for one agro-food sector respondent.

\*\* The letters show the outcome of the post-hoc Tamhane test ( $p < .05$ ). Different letters indicate a significant difference, while identical letters or no letters indicate no significant difference.

Firm size also seems to be an important factor in a firm's sensitivity to growth obstacles (see table 5). While there are numerical differences (descriptive statistics) in many factors by firm size, they are significant only for certain elements, including: difficulty in obtaining financing ( $p^{14} = .002$ ), size of investments ( $p = .011$ ), the country's legal environment ( $p = .082$ ), recruitment of qualified staff ( $p = .038$ ) and the country's economic situation ( $p = .008$ ). These findings suggest that smaller firms are much more dependent on their environment than larger firms, and their problems are exacerbated by the fact that the owner-manager is heavily involved in all the firm's activities. It also seems that larger firms which are also older are more likely to be members of business networks, a factor that partly explains these findings.

<sup>14</sup> P value of the linearity test; same for the other following «p value» in current paragraph.

**Table 4. Influence of membership to business association on obstacles to SME development**

	No 52	%	Yes 57	%	Anova P-value
Recruitment of qualified staff	12	23%	8	14%	,227
Country's economic situation	32	<b>62%</b>	27	47%	,141
Overly strong foreign competition	19	<b>37%</b>	16	28%	,349
Size of investments	31	<b>60%</b>	19	33%	,006
Difficulty in obtaining financing	30	<b>58%</b>	31	54%	,731
Country's legal environment	18	35%	20	35%	,959
Corruption	31	<b>60%</b>	37	65%	,573
Difficulty in motivating employees for projects	13	25%	17	30%	,577
Time taken by customers to pay	18	35%	20	35%	,959
Bad behaviour by employees	17	33%	13	23%	,252

**Table 5. Influence of firm size on the main obstacles to SME development**

	Under 10		11-20		21-40		41 and +		Anova	Linearity
109	25	%	13	%	24	%	47	%	P-value	P-value
Recruitment of qualified staff	6	24%	5	38%	5	21%	4	9%	,066	,038
Country's economic situation	19	76%a*	9	69%	9	38%b	22	47%	,020	,008
Overly strong foreign competition	11	44%a	1	8%b	8	33%	15	32%	,161	,624
Size of investments	18	72%a	4	31%	11	46%	17	36%b	,019	,011
Difficulty in obtaining financing	21	84%a	6	46%	14	58%	20	43%b	,007	,002
Country's legal environment	13	52%	5	38%	5	21%	15	32%	,137	,082
Corruption	15	60%	6	46%	13	54%	34	72%	,247	,192
Time taken by customers to pay	10	40%	6	46%	9	38%	13	28%	,548	,222
Bad behaviour by employees	12	48%	3	23%	6	25%	9	19%	,068	,015

\* The letters show the outcome of the post-hoc Tamhane test ( $p < .05$ ). Different letters indicate a significant difference, while identical letters or no letters indicate no significant difference.

## 5.2. Cluster analysis

Once the initial analyses were complete, the firms were clustered according to the obstacles affecting them, to see if any specific profiles would emerge. Given the small size of the sample, the ideal number of clusters was set at four, to ensure statistical validity. The results can be found in Table 6, and are discussed in the following paragraphs

The first cluster is composed of the firms least affected by all the obstacles (challenges mastered). The second comprises firms affected by foreign competition and size of investments (competitive challenges/competitive capacity), while the third includes the firms most affected by the legal environment and corruption (legal and ethical challenges). As for the fourth cluster, it is composed of the firms most affected by the country's economic situation and recruitment of qualified staff (market challenges).

The first cluster (i.e. the firms least affected by obstacles) contains “larger” firms, in that 82% had at least 21 employees. Most operate in the wood sector (29%) and “other” sectors (32,4%). Their average age is fairly young (10,5 years) but their owner-managers are generally the oldest (cluster average: 48,2 years) and have the longest experience of their sector (cluster average: 14,6 years) compared to owner-managers in other sectors. Their competitive advantages are: price, reactivity to new requests and distribution network. For innovation, the vast majority of these firms (97%) engage in product improvement. Their owner-managers, along with those from the fourth cluster, are the most likely to belong to networks (59%). The owner-managers' main goal is to make a lot of money. These owner-managers also feel their firms have performed better, financially speaking, than comparable firms. They can be described as “confident” and in full control of their firms, and their goals appear to be directed more towards stability than growth.

The owner-managers' average age and the fact that they are more likely to belong to networks suggest that a firm's ability to master environmental challenges depends more on the owner-manager's experience, maturity and relations, regardless of sector. In addition, the difference between the average age of the owner-manager and the average number of years in the sector suggests that these are people who were active in the sector before creating or purchasing their firms. Firms in this cluster also differ from the others in terms of their information sources: their owner-managers are much less likely to consult administrative employees (12%;  $p=,000$ ) or production employees (36%;  $p=,022$ ). This may well be due to the fact that they know their sector well because of their own experience. Their main sources of information are customers (70%) and suppliers (55%).

SMEs in the second cluster are those that seem to be affected more by “overly strong foreign competition” and “size of investments”. In this cluster, size appears to be a convex function of obstacle, since the firms affected most are those that are smaller (less than 10 employees: 35, 3%) or larger (at least 41 employees: 41, 2%). Firms in this cluster operate mainly (70%) in the textile and “other” sectors (divided equally between the two). Their main competitive advantages are price, reactivity to new requests, and product. Their owner-managers are the youngest (43, 9 years) and least experienced (11, 2 years) of all the clusters. The firms' most important innovative practices are product improvement (97%), and product development (69%). The greater emphasis on product development in this cluster may be explained by the impact of foreign competition, which forces firms to market more competitive products, especially since Cameroon's textile market (fabric, clothing, etc.) has, in recent years, witnessed a significant influx of products imported from Asia, selling at very low prices that local firms sometimes cannot match. For owner-managers in this second cluster, the most important goal is to increase the firm's size or turnover. They would also like to export outside Cameroon (something they do not yet do). Their main sources of information are customers (76%) and production staff (71%).



**Table 6. Firm clusters by development obstacle**

Parameters	Cluster 1 challenges mastered N=34	Cluster 2 competitive challenges N=17	Cluster 3 Legal and ethical challenges N=31	Cluster 4 market challenges N=27
<b>Most important obstacles</b>	None	<ul style="list-style-type: none"> <li>▪ Foreign competition</li> <li>▪ Size of investments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Legal environment</li> <li>▪ Corruption</li> </ul>	<ul style="list-style-type: none"> <li>▪ Recruitment of qualified staff</li> <li>▪ Country's economic situation</li> </ul>
<b>Firm size (%)</b> <i>belonging to this cluster)</i>	Under 10: 08,8% 11-20 : 08,8% 21-40 : 35,3% 41+ : 47,1%	Under 10 : 35,3% 11-20 : 0% 21-40 : 23,5% 41+ : 41,2%	Under 10 : 38,7% 11-20 : 09,7% 21-40 : 06,5% 41+ : 45,2%	Under 10 : 14,8% 11-20 : 25,9% 21-40 : 22,2% 41+ : 37%
<b>Sector (in %)</b>				
Wood	29,4	17,6	25,8	22,2
Textile	17,6	35,3	16,1	07,4
Agro-food	20,6	11,8	22,6	40,7
Other	32,4	35,4	35,5	29,6
<b>Local customer base (%)</b>	84,8	100	87,1	84,6
<b>Average firm age (years)</b> (general: 11.3 3)	10,50	10,76	11,16	12,93
<b>Main competitive advantages</b>	1. Price 2. Reactivity to new requests 3. Distribution network	1. Price 2. Reactivity to new requests 3. Product	1. Price 2. Product 3. Reactivity to new requests	1. Price 2. Distribution network 3. Customer service
<b>Main collaborators</b>	1. Customers 2. Suppliers 3. Intermediaries	1. Suppliers 2. Customers 3. Intermediaries	1. Customers 2. Suppliers 3. Intermediaries	1. Suppliers 2. Customers 3. Intermediaries
<b>Owner-manager's average age (years)</b>	48,2	43,9	45,5	45,4
<b>Owner-managers experience in the sector (average)</b>	14,6	11,2	12,3	12,3
<b>Main innovation practices</b>	Product improvement New processes	Product improvement Product development	Product improvement New processes	Product improvement Product development
<b>Owner-manager's involvement in creation (%)</b>	71	76	68	56
<b>Owner-manager's goals</b> (in order of importance)	Making a lot of money Being own boss	Increasing turnover Being own boss	Increasing turnover Making a lot of money	Customer satisfaction Making a lot of money

Firms in the third cluster are affected by the “legal environment” and “corruption”. Most (83,9%) have fewer than 10 employees (38,7%) or more than 41 employees (45,2%). The “other” sector accounts for the largest group of firms (35%). Here, the competitive advantages are price, product and reactivity to new requests. Innovative practices include product improvement (90%) and new process development (77%) – these percentages are higher than and significantly different from the other clusters ( $p=0,004$ ). This cluster also differs in terms of training: the most important training activity is skills development (significantly different from the other clusters,  $p=0,005$ ). For owner-managers in this group, the most important goals are, in order, increasing firm size or turnover, and making a lot of money. These firms also seem more likely to use innovation as a competitive advantage, meaning that they are more vulnerable to the legal environment, which they need among other things to protect their intellectual property. They are also more likely to use innovation to achieve efficiency. The main sources of information for this cluster are customers (74%) and production staff (71%).

The fourth cluster contains firms affected by “recruitment of qualified staff” and “the country’s economic situation”. Most operate in the agro-food sector (40%) and the “other” sectors (29, 6%). Larger SMEs are heavily represented (37%), followed by those with between 11 and 20 employees (25, 9%). Firms in this cluster are the oldest (with an average age of 13 years), and differ from those in other clusters in terms of competitive advantages. While price was certainly mentioned by respondents, it is less important in this cluster (the difference is significant,  $p=, 003$ ). Other advantages include distribution network and customer services. Many firms in this cluster do not provide training (46%;  $p=, 027$ ) and most (71%) have a recruitment policy. Their main challenge appears to be market-related: being able to acquire and maintain market shares and satisfy customers. This challenge is especially important in that most are agro-food firms whose customers have low buying power, due to the country’s economic situation. Nearly half Cameroon’s population lives below the poverty line, and there are some pockets of poverty in urban areas<sup>15</sup>. This market focus is confirmed by the fact that the main goal of owner-managers in this cluster is to provide customers with products that meet or exceed their expectations. The main sources of information are customers (59%) and production staff (56%).

There are no fundamental differences between the clusters with regard to innovation. Product improvement is the most common practice (78% to 97%), followed by new process improvement/development for the first cluster (46%) and the third cluster (77%), and product development for the second cluster (69%) and the fourth cluster (52%).

## 6. Conclusion and discussion

The findings from the survey suggest that the business environment and ecosystem in which Cameroon’s SMEs must operate exhibit a lot of resources necessary to develop entrepreneurship, but also a number of deficiencies that may have a significant negative impact on growth. Generally speaking, corruption, financing constraints and the country’s economic situation are the main elements limiting firm growth. However, they do not have the same impact on all firms. The survey findings show that their impact differs according to the firms’ focus, strategy, markets, size and experience. Given that every ecosystem is specific (Soto-Rodríguez, 2014; Voelker, 2012) and that an ecosystem’s success depends on the synergy

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<sup>15</sup> Results of the third Cameroon census of households (ECAM III), which took place in 2007. The 4<sup>th</sup> census was planned for 2014, and the results was expected in June 2015.

between its components and the elements of its environment (Soto-Rodríguez, 2014), business development policies in general, and those aimed at SMEs in particular, should not be generic in nature, but must be developed instead to address the specific needs of each type of firm. It is also important to remember that firms in the same sector may have different needs. According to the survey, corruption is the only factor common to all firms. Efforts<sup>16</sup> to eliminate or mitigate the negative impacts of this factor must therefore be sustained, so that local entrepreneurs are better able to benefit from their own dynamism.

Other steps can also be taken to develop Cameroon's entrepreneurial ecosystem, including some that are owner-manager driven, such as mentoring or sponsorship of young entrepreneurs/ managers, allowing more experienced owner-managers to support their less experienced counterparts. Initiatives such as this already exist in Cameroon, and are even integral to some local cultures, but they could be intensified and formalized within groups of firms, to facilitate access by more people. The World Economic Forum (2013) has identified four roles, in addition to mentoring, that entrepreneurs can play in helping to create a dynamic ecosystem: inspiring, investing, finding new venture creators, and finding workers. However, entrepreneurs alone cannot produce the necessary results. The environment must also provide tangible and intangible resources, and the public authorities are responsible for this (Soto-Rodríguez, 2014). If they wish to encourage the private sector, the public authorities must introduce proper regulations and fair rules that will guarantee transparency and promote healthy competition (World Bank, 2013).

There is, however, the question of whether or not the Cameroon authorities have the flexibility to do this, in a rapidly-evolving world economy where prospects are uncertain, and where many factors affecting the environment within which economic policies are formulated are beyond the control of most political decision-makers, especially in developing countries (World Bank, 2013, p. 20). Cameroon's approach to these concerns has certainly not been passive. In 2006, the country created the Cameroon Business Forum, which began its activities in 2009 as the preferred interlocutor for dialogue between the State and the private sector. Its main mission is to strengthen joint action by public authorities and the business community, improve the business climate and support the development of the private sector. The Forum's meetings have triggered a number of reforms. Twelve of these, addressing different aspects of the business climate, have already been brought into force (faster venture creation, tax incentives, cross-border trade agreements, building permits, special economic zones, arbitration and mediation centre, access to credit, real estate registration, etc.), and twelve others are in the process of being adopted. In other words, the fact that Cameroon's ranking on the Doing Business classification has declined is certainly not due to lack of effort, but can be blamed instead on the pace at which the reforms have been adopted and brought into force. New reforms have also been undertaken in 2015, among other things to improve access to credit and protect minority shareholders. One of the most important challenges facing Cameroon's public authorities is therefore to ensure that government initiatives and actions are more effective.

## **Limitations**

Although this is the first study to present micro-data on the challenges faced by SMEs in Cameroon, it nevertheless has some limitations. For example, the obstacles studied do not encompass all the

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<sup>16</sup> Cameroon has taken a number of steps to fight corruption at national level, including a National Anti-Corruption Board (CONAC), created in 2008, the CHOC project (Change Habits, Oppose Corruption), launched in February 2007, and the Special Criminal Tribunal (TCS), created in 2012, which hears cases relating to misappropriations of public funds in excess of US\$100,000 (US\$1 = 500 FCFA).

components of the entrepreneurial ecosystem or all the factors known to have an impact on business development, and some may have been omitted from the questionnaire. In addition, the small sample size limits the scope of the study's conclusions. More in-depth studies of more homogenous samples (e.g. in terms of strategic focus, size, sector or ethnic group) are needed to confirm the general scope of some findings. This would require a larger sample – a factor that is, of itself, a considerable challenge in the context of Cameroon.

### **Future research**

One of the first avenues for future research suggested by the findings would be to enrich the questionnaire by covering all components of the entrepreneurial ecosystem, in order to identify the real impact of each component for SME development. In addition, given that the owner-manager's strategic focus is known to be a key factor in SME development and performance in the developed world (Runyan, Droge and Swinney, 2008), it would be interesting to consider this aspect for a developing country such as Cameroon, where, as our results have shown, SME owner-managers are increasingly well-educated and therefore likely to be familiar with business strategies. Another question concerns the construction of networks in an ecosystem-deficient environment. Can networks be effective replacements for a deficient ecosystem, as is sometimes the case in developed countries?

Lastly, it would be interesting to examine different entrepreneurship measures from a temporal standpoint, and consider their development in light of the major reforms introduced by the Cameroon government in recent years to clean up the business environment. What are the factors that hinder these reforms, and why are the anticipated results so slow to emerge, even though the actors concerned all agree that the situation must be remedied – and quickly?

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