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Assessing the effects of Governance on Entrepreneurship Development in Cameroon

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Abstract: *This paper set out to assess the effects of governance on entrepreneurship development in Cameroon. Time series data for the period from 2002 to 2018 was obtained from two databases. Governance data was obtained from Worldwide Governance Indicators (WGI) for 2020 and data on FDI, GDP were obtained from the world development indicators (WDI) 2020. The Ordinary Least Squares regression analysis technique was used to estimate the parameters of the model. The results revealed that governance indicators such as Rule of Law, Regulatory Quality, Political Stability and Absence of Violence/ Terrorism, Control of Corruption and Foreign Direct Investment affect entrepreneurship development in Cameroon negatively while Voice and Accountability, Government Effectiveness and Gross Domestic Product positivelyaffect entrepreneurship development in Cameroon. From a policy perspective the paper concludes thatpolicies that are aimed at increasing affect entrepreneurship development in Cameroon should be focused on improving the level of governance.*

Key Words: *Governance, Entrepreneurship Development, OLS, Cameroon*

1. INTRODUCTION

The world is fast becoming a place where each individual wants to be at the fore front of any new creative idea and project. This process of creativity and innovation is referred to as entrepreneurship. Entrepreneurship has been defined by Drucker (1986) as the process of extracting profits from new, unique and valuable combination of resources in an uncertain and ambiguous environment. This is closely related to Krizner (1979), who defines entrepreneurship as the process of perceiving profit opportunities and initiating actions to fill currently unsatisfied market needs or doing more efficiently what is already being done. In another view Schumpeter (1965) defines entrepreneurship as a process of creating "new combinations "of factors to produce economic growth. Schumpeter rejected the widely accepted view of the market as a perfectly competitive construct and instead viewed it as a dynamic process driven by creative destruction. He was the first person to view entrepreneurship as the act of innovation that is "reactive destruction" to create something new and more valuable, the essence of economic development. His definition of entrepreneurship places an emphasis on innovation, which manifest its self in form of new products, new production methods, new markets and new forms of organization.

Governance has become a buzzword both in government and corporate policy-making circles (World Bank 2014 and United Nations 2013). Recently Good governance has evolved as a key concern in globalization process, technological progress and international capital movement. Governance according to the World Bank (1992) is the manner in which power is exercised in the management of a country's economic and social resources for development. In its latest governance and anti-corruption strategy, this definition has persisted almost unchanged, with governance defined as:...the manner in which public officials and institutions acquire and exercise the authority to shape public policy and provide public goods and services" World Bank (2007). The above definitions have their origin from the traditional definition by Kaufmann, Kraay, and Zoido-Lobatón (1999) who defined governance as the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.

The growth and development of many developed countries now has been attributed to their past governance situation. Governance has been found to be the key determinant of entrepreneurship in these countries and hence their growth. The enabling environment required for the successful operations of business and providing the necessary cooperation between the public and the private sector are deeply rooted on the governance. Developed countries provide such conducive atmosphere and good cooperation with the private sector and hence accounting for their growth and development. Entrepreneurship is the driver of economic growth and development, hence enhancing entrepreneurship development is key to promoting the growth and development of the economy. Most developing countries through good governance provide conditions that are necessary for the creation of new businesses and the sustenance of existing businesses. Developed countries through their governance ensure increased market competition and judicial autonomy reduces corruption and the level of dependence on the government (Ades and Di 1997). When most citizens of any country don't depend on the government for job provisions, it is a necessary step to foster entrepreneurship development and this is what obtains in most developed countries.

Developing Countries with many unexploited natural resources like mineral and forest resource etc, present greater business opportunities and are expected to take full advantage of these opportunities to speed enterprise creation and development. Despite all these business opportunities which exist in developing countries in the form of cheap labour, available raw materials and markets entrepreneurship development has not performed up to expectation. This has been attributed to the governance situation of most developing countries which have not been the best in past years. This explains why despite all the enormous resources at their disposal a great number of citizens still depend on the government for job provision. As a result of poor governance in most developing countries, the very few enterprises that are created usually are highly protected from foreign competition by the government to ensure their survival. In one of their studies Ades and Di Tella (1999) find that countries where firms enjoy higher rents tend to have higher corruption levels and also that corruption is higher in countries where domestic firms are sheltered from foreign competition by natural or policy induced barriers to trade, with economies dominated by a few number of firms, or where antitrust regulations are not effective in preventing anti-competitive practices.

The governance- entrepreneurship development nexus in Africa is not different from what exists in other countries. The difference is rather in the governance situation that varies from country to country and which over the past decades has been far below expectation. Historically, sub-Saharan African countries in general and central African countries in particular have had a poor governance record in comparison to other parts of Africa. These countries have been bogged down with political instability, government ineffectiveness, the lack of rule of law, and serious problems of corruption which are signs of bad governance. Improving governance in this region has been given a central place in the New Partnership for Africa's Development (NEPAD). Over the past few years, some countries in sub-Saharan African like Botswana and Ghana amongst others have made significant progress in terms of governance. Equally various international organizations such as the International Monetary Fund, the OECD, and the World Bank alongside national organisations at the level of each country have intensified their campaigns against corruption which is a virus that kills entrepreneurship development in most of these countries (Rose-Ackerman, 1997).

Cameroon, found in central African, a zone with one of the worst governance records is not free from the allegations labelled on the zone on the basis of governance. Over the past decades she has realised the invaluable role entrepreneurship plays and the fact that the development of her nation cannot be solely driven by the public sector. Hence, she started putting forth much emphasis on promotingentrepreneurship, like creating the bank of small and medium size enterprises to enable small businesses and entrepreneurs to get loans at very low rate and expand their businesses, while developing the immediate environment. During the 90s, public companies that were mainly agro-industries were privatized, the prevailing economic crisis at this time led to increase in the number of jobless people, who developed a lot of survival economic activities to support themselves. This saw the emergence of the private sector nationwide. After the crisis, the Cameroon government adopted many reforms to promote private investment. The adoption of investment charter in 2002 stressed on the characteristics of investments and investors which also include some fiscal advantage to private investment according to given categories of the firms (Ricardo, 2009). Recent reforms including the creation of the enterprise registration centre in 2010 to facilitate the official procedures of all licenses needed for entrepreneurs to acquire a legal statute. To improve dialogue between public actors and private actors, government created the Cameroon Business Forum in 2010. Government also created Small and Medium size Bank, National Agency of SMEs Promotion and Agricultural Bank in 2013 to support economic activities

In many ways, entrepreneurship is critical to the well-being of society. Therefore, resolving the conundrum of the governance-entrepreneurship nexus has been an important area of policy research and discussion in recent years. In this connection, this paper assesses the effects of six governance indicators (political stability, control of corruption, rule of law, regularity quality, voice and accountability and government effectiveness) on entrepreneurship development in Cameroon.

The rest of the paper is organized as follows: Section two reviews literature relating governance and entrepreneurship development. Section three discusses the method of analysis. Section four presents and discusses the findings. Section five concludes the paper with some policy implications.

2. LITERATURE REVIEW

2.1. Theoretical Literature

2.1.1. Institutional Theory of Entrepreneurship

Institutional theory is traditionally concerned with how various groups and organizations (entrepreneurs) better secure their positions and legitimacy by conforming to the rules and norms of the institutional environment (Meyer & Rowan, 1991; Scott, 2007). The term “institution” broadly refers to the formal rule sets (North, 1990), ex-ante agreements (Bonchek&Shepsle, 1996), less formal shared interaction sequences (Jepperson, 1991), and taken-for-granted assumptions (Meyer & Rowan 1991) that organizations and individuals are expected to follow. These are derived from rules such as regulatory structures, governmental agencies, laws, courts, professions, and scripts and other societal and cultural practices that exert conformance pressures (DiMaggio & Powell, 1983, 1991). These institutions create expectations that determine appropriate actions for organizations (Meyer &Rowan, 1991), and also form the logic by which laws, rules, and taken-for-granted behavioural expectations appear natural and abiding (Zucker, 1977). Institutions define therefore what is appropriate in an objective sense, and thus render other actions unacceptable or even beyond consideration (DiMaggio & Powell, 1991). Institutional theory is thus concerned with regulatory, social, and cultural influences that promote survival and legitimacy of an organization rather than focusing solely on efficiency-seeking behaviour (Roy, 1997). These institutional forces are identified in multiple works from sociology (DiMaggio & Powell, 1983, 1991; Roy, 1997) and organizational theory (Meyer & Rowan, 1991) to political science (Bonchek&Shepsle, 1996), and economics (North, 1990). These are collected and summarized by Scott (2007) in his well-known formulation of three categories of institutional forces. The regulative pillar derives most directly from studies in economies and thus represents a rational actor model of behaviour, based on sanctions and conformity. Institutions guide behaviour by means of the rules of the game, monitoring, and enforcement (North, 1990). These regulative components stem primarily from governmental legislation and industrial agreements and standards. These rules provide guidelines for new entrepreneurial organizations and can lead to organizations complying with laws and also individual compliance with laws or may require a reaction if there is a lack of law or regulation in the entrepreneurial firm's region. The second institutional pillar is the normative one, which represents models of organizational and individual behaviour based on obligatory dimensions of social, professional, and organizational interaction. Institutions guide behaviour by defining what is appropriate or expected in various social and commercial situations. Normative systems are typically composed of values (what is preferred or considered proper) and norms (how things are to be done, consistent with those values) that further establish consciously followed ground rules to which people conform (Scott, 2007). Normative institutions therefore exert influence because of a social obligation to comply, rooted in social necessity or what an organization or individual should be doing (March & Olsen, 1989). Some societies have norms that facilitate and promote entrepreneurship and its financing while some other societies discourage it by making it difficult (though not illegal), often unknowingly (Baumol et al., 2009; Soto, 2000). Finally, the cognitive pillar summarized by Scott (2007) and derived heavily from the recent cognitive turn in social science (DiMaggio & Powell, 1991) represents models of individual behaviour based on subjectively and (often gradually) constructed rules and meanings that limit appropriate beliefs and actions. The cognitive pillar may operate more at the individual level in terms of culture and language (Carroll, 1964; Scott), and other taken-for-grandness and preconscious behaviour that people barely think about (DiMaggio & Powell; Meyer & Rowan, 1991). This pillar is increasingly important to entrepreneurship research in terms of how societies accept entrepreneurs, inculcate values, and even create a cultural milieu whereby entrepreneurship is accepted and encouraged (Bosma, Acs, Autio, Coduras, &Levie, 2009; Harrison, 2008; Li, 2009).

A main reason for the increasing standing of the institutional perspective in entrepreneurship research lies with the dissatisfaction with theories that venerate efficiency but downplay social forces as motives of organizational action (Barley & Tolbert, 1997). The institutional perspective directs attention to the rules, norms, and beliefs that influence organizations and their members, which can vary widely across countries and cultures (Fang, 2010; Scott, 2007). Such structures, processes, and mind-sets that become taken for granted are either not subjected to scrutiny at all, or are scrutinized and judged as suitable, appropriate, and taken for granted (Jepperson, 1991). We can, therefore, understand entrepreneurship research and practice more fully by finding out what was institutionalized, that is, which activities, beliefs, and attitudes have come to acquire taken-for-granted or rule-like status (and which ones have not), thus in turn enabling and constraining entrepreneurship in the environment in question (Bruton& Ahlstrom, 2003).

The main strength of this theory lies in its consideration for social forces that determines the success of any entrepreneurship especially in this modern world were corporate social responsibility is taking a great stand in the organisational goals and objectives. This is very evident in the Cameroonian context. Equally this theory provides a regulative pillar for entrepreneurs in every economy no society can operate without rules and regulations governing it. This very necessary for Cameroon were some rules and regulation do not favour entrepreneurship. The theory also recognises the cognitive differences in individual that are responsible for differences in recognising business opportunities. This is very evident in Cameroon.

The institutional theory is limited on the ground that it neglects efficiency-seeking behaviour and focuses mainly on regulatory, social, and cultural influences that promote survival and legitimacy of an organization. No organisation can continue to exist in the highest stage of inefficiency no matter how loyal it is to the regulatory, social and cultural influences of the society.

2.2. Empirical Literature

Thai, Nguyen, Nguyen (2016) conducted a study on the impact of the governance indices on the development of entrepreneurship in the context of ASEAN+1 countries which include China as an important partner to South East Asian nations in almost all aspects of ASEAN development. With the use of the database of the World Bank on the World Governance Indices and Entrepreneurship known as Doing Business for ASEAN+1 countries, natural logarithm regression analysis was adopted to figure out the extent to which governance would exert its impact on the entrepreneurship development in the member countries of ASEAN as well as China. The findings revealed that Government Effectiveness, the Regulatory Quality, and Control of Corruption have negative impacts on entrepreneurship development across ASEAN+1. The rest of governance measures such as Political stability and absence of violence and the Rule of Law exerted negative impacts on entrepreneurship development.

Friedman, (2011) conducted a study on the relationship between Governance Effectiveness and Entrepreneurship in 36 countries from Western Europe, Central Europe, South America, Asia, Caribbean, United States, Russia, and Antarctica. This research tests the relationship between perceptions of government's effectiveness, attitudes towards entrepreneurship, and the extent that entrepreneurship exists on a national level. The data for this study were collected internationally by the World Bank (World Governance Indicators) and the Global Entrepreneurship Monitor project via extensive interviews and surveys to citizens and national experts, respectively. Descriptive statistics and Pearson correlations were used in the data analysis process. Contrary to expectations, the study findings revealed that perceived government effectiveness was significantly and negatively related to entrepreneurship on a national level.

Gil (2011) analysed the impact of corruption on "productive" entrepreneurship following Baumol (1990) seminal work. In order to do unique dataset on international levels of entrepreneurial activity collected from Linkedin, combined with data generated by Transparency Internal on corruption levels of different countries. Our empirical work includes a sample of 176 countries. The study findings showed clear evidence that corruption, after controlling to all variables that might be correlated both to corruption and to entrepreneurship, has a significant negative impact on entrepreneurship.

Zijad & Amra (2016) analyzed the development of SMEs in Bosnia and Herzegovina. They focused on attitudes of entrepreneurs in the private sector towards the role of government in SME development through provision of assistance to SMEs in Bosnia and Herzegovina, the business environment in which firms operate, and attitudes of the employed in government sector towards the role of government in SME development through the provision of assistance to SMEs in Bosnia and Herzegovina. The paper reviews the literature on these three approaches and available evidence on relevance to understanding the performance of SMEs as main agents of entrepreneurship in the Bosnia and Herzegovina. The findings of the study revealed that assistance provided positively affects Entrepreneurship Development, while private and public sector entrepreneur's attitude negatively affects Entrepreneurship Development in Bosnia and Herzegovina.

Nwachukwu (2017) conducted a study on the impact of good governance on entrepreneurship development in Nigeria. The paper examined the role of good governance and how it helps spur entrepreneurship development in Nigeria. The study analysed the modalities of repositioning entrepreneurship development in Nigeria. From a policy perspective the study suggested that government should enact policies that will encourage entrepreneurship development in Nigeria, and make available soft loans to prospective entrepreneurs.

Troilo (2011) analysed the relationship between property rights institutions, market expansion, rule of law, and job growth and found that the number of procedures to enforce contracts, the number of procedures to start a business, and the number of days to start a business is negatively correlated with entrepreneurship development and that a common law legal system is negatively related to entrepreneurship development. He equally found that well established laws that exist in developed countries may be a barrier to increased entrepreneurship.

Tabash and Dhankar (2014) conducted a study on the relationship between the flow of Islamic finance and economic growth of Middle East. They explored empirically the relationship between the development of Islamic finance and economic growth in the Middle East. Three of the most important countries for Islamic finance growth from Middle East, namely Qatar, Bahrain, and United Arab Emirates (UAE), were selected for the study. They used Islamic banks' financing credited to private sector through modes of financing as a proxy for the development of Islamic finance system and Gross Domestic Product (GDP), as a proxy for economic growth.Unit root test, co-integration test and Granger causality tests were made used of. The empirical results generally showed that in the long run Islamic banks' financing was positive and significantly correlated with economic growth in the selected countries which reinforces the idea that a well-functioning banking system promotes economic growth. The results obtained from Granger causality test revealed a causal relationship between Islamic finance and economic growth in these countries. There was a bi-directional relationship from Islamic banks' financing to economic growth and vice versa for Bahrain and Qatar. The results obtained from Granger causality test for UAE indicated that a causal relationship happens only in one direction, which is from Islamic banks' financing to economic growth, which supported Schumpeter's supply-leading theory. The results also indicated that improvement of the Islamic financial institutions in the Middle East countries benefit from economic development, and it is important in the long run for economic welfare, and also for poverty reduction.

Yahya, Akhtar and Tabash (2014) examined the impact of political instability, macroeconomic and bank-specific factors on the profitability of Islamic banks in the context of Yemen. The study used two Common measures of profitability, namely, Return on Assets (ROA) and Return on Equity (ROE) as dependent variables. Seven key independent (internal and external) variables were also used. The study selected three out of five Islamic Banks due to the availability of data for the period ranging from 2010 to 2014. Descriptive and multiple regression analyses were used for the analyses. The Results of the study indicated that operating efficiency and financial risk have negative and significant relationships with ROA and ROE. The findings also showed that capital adequacy had a negative and insignificant relationship with ROA and ROE. Furthermore, the study revealed that assets size, assets management, liquidity and deposits havea significant and positive impact on banks' profitability. GDP, Inflation rate (IR) and Political instability have positive and significant impact on Yemeni banks' profitability.

Al Homaidi, Tabash, Farhan and Almaqtari (2019) studied the determinants of liquidity of Indian listed commercial banks. The objective of this study was to examine the liquidity (LQD) determinants of Indian listed commercial banks. The study applied both GMM and pooled, fixed and random effect models to a panel of 37 commercial banks listed on the Bombay Stock Exchange (BSE) in India for the period from 2008 to 2017. The banks' LQD was taken as a dependent variable which functioned against both bank-specific and macroeconomic determinants. The results indicated that among the bank-specific factors, bank size, capital adequacy ratio, deposits ratio, operation efficiency ratio, and return on assets ratio had a significant positive impact on LQD, while assets quality ratio, assets management ratio, return on equity ratio, and net interest margin ratio had a significant negative impact on LQD. With respect to macroeconomic factors, the results indicated that interest rate and exchange rate are found to have a significant effect on LQD. The Reserve Bank of India (RBI) should give benchmarks for the above mentioned ratios to achieve smooth LQD of commercial banks in India. The study recommended that bankers should consider assets quality in such a way that improves banks' performance.

Tabash and Anagreh (2017) conducted a study on the contribution of Islamic banks on the growth of the United Arab Emirates (UAE). The study used empirical analysis to test the role of Islamic banking in enhancing the economic growth of United Arab Emirates (UAE). Gross Domestic Product (GDP), Gross formation (GF), and Foreign Direct Investment (FDI) were used as representatives for economic growth, while Islamic banks' investments were used as a proxy for Islamic financial sector in the UAE. The study used time series data to analyse the link between the variables. The results revealed that the causal relationship between Islamic banks' investments and economic growth of UAE is supply-leading direction. Furthermore, the findings showed that Islamic investments have contributed in increasing investments and in bringing FDI into the country in the long-term. The study also showed that there is a two-way association between Islamic banks' investments and FDI. It showed that FDI supports Islamic banking and Islamic banking brings FDI. The article concluded that authorities of the UAE should devote more attention for this growing banking sector by facilitating regulations for establishing new Islamic banks and then creating a suitable environment for their growth and progress in the UAE.

Yameen, Farhan & Tabash, (2019) investigated the effect of corporate governance practices on firms' performance, with a special reference to the Indian tourism sector. The study used a panel data set of 39 hotels listed on Bombay Stock Exchange (BSE) for the period from 2013/2014 to 2015/2016. The ordinary least square regression model was used to estimate the parameters. The analysis showed that board directors' size and audit committee's size negatively impact the performance of Indian hotels, while board directors' composition and diligence, the audit committee's composition and diligence, and foreign ownership positively affect the performance of Indian hotels measured by accounting proxies. Results also revealed that board directors' size, audit committee's size, and foreign ownership positively impacted the Indian hotels' performance measured by marketing proxies, whereas board directors' composition; board directors' diligence; audit committee's composition; and audit committee's diligence had a negative impact on the performance of Indian hotels.

Homaidi, Almaqtari, Ahmad and Tabash (2019) investigated the impact of corporate governance mechanisms on financial performance of hotel companies in India. The analysis was based on balanced panel data over a period ranging from 2013/2014 to 2015/2016 for 30 Indian hotel companies listed on the Bombay Stock Exchange (BSE). The study investigated three aspects of corporate governance mechanisms namely: the board of directors (size, composition, and diligence), audit committee (size, composition, and diligence) and institutional ownership, whereas financial performance was measured according to three common measures, return on assets (ROA), net interest margin (NIM), and earnings per share (EPS). The results confirmed that board size, board diligence, audit committee size, and institutional ownership had a significant impact on ROA, while board composition, audit committee composition, audit committee diligence and company age had insignificant effect on ROA. With respect to NIM model, the results indicated that board composition, board diligence, audit committee composition, institutional ownership and size of the company have a significant impact on NIM, while board size, audit committee size, and audit committee diligence have an insignificant effect on NIM. In terms of the EPS model, the results suggested that board size, board composition, board diligence, audit committee composition, and company age thus have a significant impact on EPS, while audit committee size, audit committee diligence, and institutional ownership had an insignificant influence on EPS.

Tabash, Albugami, Salim and Akhtar (2019) conducted a research on service quality dimensions of E-retailing of Islamic banks and its impact on customer satisfaction. The study explored key dimensions of service quality of E-Retailing of Islamic banks in the Kingdom of Saudi Arabia. A convenience sample size of 373 respondents who regularly used online Islamic banking facilities in Saudi Arabia were used. For measuring the consumers' perspective, a four-factor E-SERVQUAL scale; namely efficiency, system availability, fulfilment, and privacy were used. Exploratory Factor Analysis and Confirmatory Factor Analysis were used to test the model fitness. Structural equation modelling was utilised to determine the impact of E-service quality dimensions on customers' satisfaction. The results of the study revealed that; reliability as a dimension of E-retailing of Islamic banks made a significant impact on customers' overall satisfaction; there was a positive significant relationship between responsiveness and customers' overall satisfaction; and ease of use was the most important dimension of service quality of E-retailing of Islamic banks.

There was a positive impact of good E-service on customers' satisfaction, but it does not override unsatisfactory performance in other areas.

Tabash, and Dhankar (2014) studied the relevance of Islamic Finance Principles in Economic Growth. Islamic finance was one of the most rapidly growing segments of the global financial system. The emergence of Islamic finance could be traced back to 1963 in Egypt, while its importance comes to the global financial system only after the global financial crisis occurred in 2008. It had been reported that the continuing volatility in bond and equity markets, combined with the uncertainty surrounding the Euro Zone, had opened up the Islamic finance industry to a new segment of potential investors looking to diversify away from traditional investments. However, despite the increasing importance of Islamic finance, particularly in developing economies in the Middle East and South-East Asia, religious and social complexity had acted against a wholistic understanding by policymakers, researchers and practitioners. It was found that the Islamic finance principles were conducive to the growth of economy as they help in reducing inflation, monetary volatility, and unemployment, besides in achieving social justice and optimum allocation of resources.

The literature review above reveals that past studies have mostly been done in developed countries focusing on either the impact of governance on entrepreneurship or on the relationship between governance and entrepreneurship development. Very little has been done to investigate whether there exists a bi- directional relationship between governance and entrepreneurship development in a developing country such as Cameroon.

3. METHODOLOGY

3.1. Data

This paper uses time series data to examine the effect of governance on entrepreneurship development in Cameroon. The used data covers the period from 1996 to 2014. Data was obtained from two databases. Governance data was obtained from Worldwide Governance Indicators (WGI) for 2020 and data on FDI, GDP were obtained from the world development indicators (WDI) 2020 provided by the World Bank. The governance indicators contain important information for the researchers but it must be taken into account that they represent a subjective evaluation of one country's governance. They measure the quality of governance as aggregate indicators by combining 'the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. They are based on over 30 individual data sources produced by a variety of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms' (World Bank, 2018). The WGI do not reflect the official opinion of the World Bank on countries and governors, and it is not used for the distribution of funding. The governance is measured in a scale of –2.5 to 2.5, where –2.5 is a very weak value and 2.5 is very good. Neither of the countries reaches the highest.

From the WGI the following indicators of governance were implored Voice and Accountability (VA) — capturing perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. Political Stability and Absence of Violence/Terrorism (PV) — capturing perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism. Government Effectiveness (GE) — capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. One of the most important factors for an investing firm. Regulatory Quality (RQ) — capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. Another important variable which probably will give positive significant relation with the FDI, because it cannot be compensated with other advantages. Rule of Law (RL) — capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Control of Corruption (CC) — capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

3.2. Model and method of analysis

A model is a mathematical representation of reality. This may be seen as a simplified view of reality, designed to enable a researcher describe the essence and inter-relationship within the system or phenomenon it depicts (Yomere and Agbonifoh 1999). Model specification refers to the determination of which independent variables should be included in or excluded from a regression equation. This was done using theOrdinary least Squares regression analysis technique. The empirical model for this study is designed to ascertain the magnitude and direction of the relationship between, governance and entrepreneurship development in Cameroon. The model is of the form

$$ENTDEVT_t = \beta_0 + \beta_1 VA_t + \beta_2 PV_t + \beta_3 RL_t + \beta_4 QC_t + \beta_5 GE_t + \beta_6 CC_t + \beta_7 CC_t + \beta_8 GDP_t + \beta_9 FID_t + \omega_t \tag{1}$$

Where

$ENTDEVT_t$ represents the entrepreneurship development in Cameroon at time *t*, FDI_t Represents the inflow of FDI into Cameroon at time t, VA_t Represents voice and accountability at time t, PV_t Represents political instability and violence of at time t, RL_t Represents rule of law at time *t*, QC_t Represents quality control at time t, GE_t Represents government effectiveness at time t, CC_t Represents Corruption control at time t, and represents the error term

4. PRESENTATION AND DISCUSSION OF RESULTS

4.1. Descriptive statistic of the Variables

Table 1
Summary Statistics of the Variables

Variable	*Obs*	*Mean*	*Std. Dev.*	*Min*	*Max*
VA	13	-1.033934	.0393137	-1.097049	-.9443417
QC	13	-.8400724	.074878	-.9374695	-.6915929
RL	13	-1.107475	.0890622	-1.23003	-.8964483
PV	13	-.5250015	.2328839	-1.059252	-.183143
GE	13	-.8447935	.0783308	-.9493961	-.6965621
CC	13	-1.108088	.0873976	-1.261325	-.9788169
GDP	13	1.19e+13	2.94e+12	8.07e+12	1.73e+13
FDI	13	3.97e+08	2.58e+08	2.10e+07	7.46e+08
ENT	13	8.16e+12	1.07e+12	6.67e+12	1.02e+13

Source: Estimated by Author using Stata 12

The table shows that all together there are 13 observations meaning that the paper covers a period of 13 years that is from 2002-2014. From the table all the governance indicators have negative mean values. This is an indication of the fact that Cameroons governance record is poor base on the global governance standard specified by the World Bank and Transparency international. Based highest worst values recorded, Corruption Control is first, followed by Role of Law, Voice and

Accountability, Political stability and absence of Violence, Government Effectiveness and lastly regulatory quality. Theirs standard deviation indicates that these governance measures varies very little about their mean values.

On the other hand entrepreneurship development measures through valued added by entrepreneurship to GDP has a mean value of 8.16e+12 with a standard deviation of 1.07e+12. This standard deviation indicated that value added by entrepreneurship to GDP in Cameroon varies greatly over the period from 2002-2014. Over this period, Cameroon recovered a minimum value of 6.67e+12 and a maximum value of1.02e+13. Equally GDP and FDI over this period have mean values of 1.19e+13 and 3.97e+08and standard deviation of 2.94e+12 and 2.58e+08 respectively, which is an indication of great variability in their values . Over this period they records minimum values of 8.07e+12 and 2.10e+07 and maximum values of 1.73e+13 and 7.46e+08respectively

4.2. Empirical Results

Table 2: Regression Results

Variables	*Unstandardized Coef.*	*Standardized Coef.*	*Std. Err.*	*t*	*P>|t|*
VA	2.19e+12	.080	9.60e+11	2.28	0.0518
RL	-1.01e+11	-.008	7.64e+11	-0.13	0.019
RQ	-9.42e+11	-.066	4.84e+11	-1.95	0.023
PV	-9.67e+09	-.002	1.95e+11	-0.05	0.963
GE	1.36e+10	.091	4.60e+11	0.03	0.038
CC	-3.98e+11	-.032	4.71e+11	-0.84	0.046
GDP	.3524387	.967	.0209138	16.85	0.000
FDI	-49.50895	-.012	124.3914	-0.40	0.711
_Cons	5.78e+12	.	1.06e+12	5.47	0.005
Number of Obs		13			
F(8, 4)		303.56			
Prob > F		0.0000			
R-squared		0.9984			
Adj R-squared		0.9951			

Source: Estimated by Author using Stata 12

The results presented on the table shows that if the coefficients of all the governance indicators, GDP and FDI are zero, there will still exist some level of entrepreneurship development in Cameroon to a magnitude of 5.78e+12. This implies that about 5.78e+12 of value added to GDP by entrepreneurs in Cameroon between the period 2002 and 2014 never depends on governance, GDP or FDI.

The results indicate that over period from 2002 to 2014, voice and accountability and government effectiveness had significant positive effect on entrepreneurship development in Cameroon. A measure of perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media which is referred to as voice and accountability between this period positively affect entrepreneurship development in Cameroon just as did government effectiveness. Government effectiveness which captures the perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies had the highest effect on entrepreneurship development in Cameroon. This is inconsistent with the study of Friedman, (2011) who conducted a study on the relationship between Governance Effectiveness and Entrepreneurship in 36 countries from Western Europe, Central Europe, South America, Asia, Caribbean, United States, Russia, and Antarctica, whose findings revealed that perceived government effectiveness was significantly and negatively related to entrepreneurship on a national level.

On the other hand, the rule of law, regulatory quality and corruption control revealed a significant negative effect on entrepreneurship development in Cameroon. This results are not surprising as Cameroon's laws for governing copy rights are not respected for most of the times due non-autonomy in the judiciary system in Cameroon. Price controls and regulation of foreign trade activities within the national territory are very poor and the use of public power in pursuit of private gains is very rampant slowing the creation of new enterprises and the efficiency operation of old ones. This supports the findings of Thai and Nguyen, (2016) who conducted a study on the impact of the governance indices on the development of entrepreneurship in the context of ASEAN+1 countries which include China as an important partner to South East Asian nations in almost all aspects of ASEAN development. Their findings revealed that Government Effectiveness, the Regulatory Quality, and Control of Corruption have negative impacts on entrepreneurship development across ASEAN+1. Equally the study supports that of Troilo (2011) who studied the relationship between property rights institutions, market expansion, rule of law, and job growth and found that "the number of procedures to enforce contracts, the number of procedures to start a business, and the number of days to start a business is negatively correlated with entrepreneurship development.

Political stability and the absence of violence as well as FDI over the period from 2002 to 2014 had no significant effect on intraprenuership development in Cameroon. Even though the Cameroon was somehow relatively stable between the periods from 2002 to 2014, political stability and absence of violence proved to have an insignificant positive relationship with entrepreneurship development in Cameroon. It is undoubted that a stable environment required for entrepreneurs to operate effectively, the absence of violence does not necessarily imply the existence of peace. The absence of violence may have been put in place by the maintenance of order.

Finally GDP has showed a positive and significant effect on entrepreneurship development in Cameroon. This is explained by the study on ground that it is the level of GDP that generate incomes that are used in the purchase of goods and services produced by entrepreneurs. GDP is a measure of economic growth and the level of entrepreneurship development of any economy will strongly depend on the level of economic growth of that country. This is a two-way relationship because in the absence of entrepreneur's production cannot take place not to talk of the growth of an economy. This explains why one of American writers common referred to entrepreneurs and engineers of industrial progress and chief agents of production.

5. CONCLUSION AND POLICY IMPLICATIONS

The need for a country to strive towards economic growth is of great importance and central Cameroon is not an exception to this phenomenon. The desire of most governments is to achieve as much domestic investment and entrepreneurship development as possible so as to reach a high gross domestic product which satisfies economic growth. It is very hard to talk about higher levels of entrepreneurship development in the absence of good governance. This is because it is not possible to have entrepreneurship development without the necessary rules and regulations, controls, peace, security and beyond all justice. The recent outbreaks of political turmoil in the central African sub-region in general and Cameroon just of recent (2017) have been accounted for by poor governance. An on-going issue even in the world today that has attracted the interests of academics, and policy makers has been the part played by Governance onthe entrepreneurship development of every economy. Evidence from developed countries has proven that governance plays a pivotal role in piloting the affairs of the economy toward entrepreneurship growth and development. This present paper by providing empirical evidence for the case of Cameroon concludes that governance indicators affect entrepreneurship development in Cameroon both negatively and positively.

From a policy perspective, the following recommendations can be made. Firstly, to increase entrepreneurship development in Cameroon policies should focus on improving the level of governance. Secondly political instability has persisted in Cameroon for some years now. The main reason for these conflicts has been cantered on governance. Though economist like Kaufman has identified the fact that in a society made of different people, such behaviours are common, but the degree of such conflict in Cameroon is far reaching and unexpected level with millions of deaths recorded on yearly basis. There is need for autonomy of the judiciary system. Equally enterprise creation promotion centres (ECPC) have to be given the autonomy to operate in every region independently of the judiciary system.

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