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Entrepreneurial Venture and Economic Development in Cameroon

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Abstract

This study has as objective to examine the role of entrepreneurial venture on economic development in Cameroon. We have used the 2SLS to estimate our result in the 2007 Household consumption survey using STATA 13.0. The result shows that: male household heads, secondary and higher education attainment, non-poor household, age group from 30 years above, experience as an entrepreneur and urban residence are strongly promoting entrepreneurship in Cameroon. We also observed that entrepreneurship is strongly correlating with economic development, while entrepreneurs of age group above 30 years are positively contributing to economic development. We recommend that the decision makers should create more easy avenues (access to credit) to support entrepreneurs. This is a major step towards economic development in Cameroon.

Keywords: Entrepreneurial venture; Entrepreneurship; Economic development; Cameroon

Introduction

The world is becoming a place where each individual wants to be at the fore front of any new creative idea and project. Developing countries are more than ever before linked to entrepreneurship; meanwhile many economies that have gotten their development today based their plans on the role of entrepreneurship. Economic development is a discovery process propelled by competition among alert entrepreneurs who are lured by the scent of profit, locate pockets of market ignorance and then exploit untapped opportunities for specialization and trade in the network of economic transactions. The entrepreneurial driven process of economic development thus mobilizes hidden and fragmented bits of knowledge in the economy that would otherwise lie dormant and unutilized [1].

In developing countries today, entrepreneurship and establishing small and medium entities are regarded as one of the most important economic issues. Certainly, this renewed gift regarding to the importance of the competitive spirit came as a result of economic depression, several fluctuation and the high rate of unemployment in the international cycle. On the other hand, the globalization, the increase in competition, customer satisfaction and innovation can encounter a country economy with a series of challenges [2]. These conditions, in various countries are inevitable and research has intensified the importance of entrepreneurship in economic growth and development all around the world. Actually, from economic authorities' perspective, entrepreneurship is considered as the main source of innovations, creativity, employment, reduction of unemployment, and increase in social and economic welfare.

This idea of developing the world of entrepreneurship began as long as the period when the earth began. It was derived in the seventeenth century from the French word "entreprendre" which means to undertake. Gaining its grounds from the French coinage, the first writer of the later was first being recognized by French writer, Richard Cantillion in 1955. It later gained grounds when the English saw its importance and used it in developing most economies [3]. Entrepreneurship has been recognized as the determinant or pivotal element of economic growth and development [2]. This is because Entrepreneurship leads to the creation of small and medium scale businesses, providing employment opportunities, income generation, uplifting of standard of living and utilization of human, material as well as financial resources of a country in the right direction. Many countries have placed intensive and frantic efforts and programs towards development of Entrepreneurship.

Since then, entrepreneurship has grown to a wider range and a changing perception of the world. It is the ability to build a founding team to complement your own skills and talents. The innovative and creative initiative which the person who undertake entrepreneurial ventures are often at times not the product of the environment which they meet and take advantage but rather, a product of the interplay between the entrepreneurs own creativity (creative discovery) of something. Entrepreneurship comprises believe and action directed towards generating new economic activity that emerges gradually as the entrepreneurial process of the business venture continues. This believe and action are being incorporated in the knowledge of gathering pieces of information in such a way that the entrepreneur uses acquired knowledge and previous experiences to assemble a whole new piece through creative thinking. This experience of entrepreneurs is often at times being acquired from the action of parents and practices which the entrepreneur observes from other persons who do similar activities. This has gone a long way in contributing to build-up entrepreneurship [4].

Institutions and individuals promoting development of most economies now see entrepreneurship as a strategic development intervention that could accelerate the royal development process. Furthermore, institutions and individuals seems to agree on the urgent need to promote enterprises through the private sector by putting funds in the hands of entrepreneurs to come out of their shells and implement the ideas which they have at hand [3]. Entrepreneurial orientation accepts entrepreneurship as a central force of economic growth and development. Without it, other factors of development will be wasted or filtered away [5]. What is needed in order to develop entrepreneurship

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is much dependent on an environment enabling entrepreneurship in a depressed economy. The existence of such an environment largely depends on policies promoting rural entrepreneurship as well as the conceptual framework of entrepreneurship, i.e. what it is and where it comes from.

Entrepreneurship and economic development nexus varies from economy to economy depending on its material resources, industrial climate and the responsiveness of the political system to the entrepreneurial functions. The entrepreneurs contribute more in favorable opportunity conditions. Reynolds et al. describe entrepreneurship as one of the two necessary conditions for economic development, with increased output of capital for Small and medium size enterprises (SMEs) being an important position in a country's economy [5]. SMEs typically employ 35%-45% of work force, stimulate growth and help diversify economic activity. They are flexible and can adapt quickly to market changes and drive innovation [4].

The economic circumstances in the mid-80s led Cameroon into an economic crisis, mainly as a result of the fall in export income due to price decrease in export products (coffee, cocoa, oil,) in the international market. Following a rise in the real exchange rate of the local currency (CFAF), increase in external debt and the budgetary deficit in 1994, prompted the government to withdraw from economic activities and so creating a conducive environment that favored the emergence of the private sector [6]. The development of the private sector in Cameroon is perceived to be an alternative to youth unemployment that constitutes a larger part of the population. The private sector is focused on the development of business activities and industrial production in agriculture, natural resources and mining sectors while government is concerned with the development of strategic sectors such as infrastructure, energy, health, In the Cameroon vision 2035 working paper of the ministry of economy and planning the government place emphases on job creation and poverty reduction as two of the most urgent economy and social priorities. The goal is to move Cameroon to the status of a middle-income country, achieve a 10% GDP growth rate by 2020, increase the manufacturing share of GDP to 23% and reduce the level of poverty to 10%. Development of the private sector is at the core of the government growth and employment strategy paper release in 2009, with a strong emphasis on the development of SMEs and their formalization as a critical component for economic sustainability and growth [7].

In recent years, the government has carried out a number of reforms and regulations governing commercial activities. They include: the remover of the prior license for several business activities, the establishment of one stop shops for business creation and investment, the liberalization of prices and creation of the National Anti-corruption Commission to reduce the number of defaulters of the law and to ensure proper and good governance. In addition, the investment charter which was adopted in 2002 aims at promoting investment in Cameroon with the goal to create jobs; strengthen the competiveness of local industries and increase its capacity to export; create and modernize the basic infrastructure; encourage investment in export industries and economic sectors employing raw materials and other local products; create SMEs and micro-enterprise development around large firms; and transfer the necessary and appropriate technologies [3].

The Cameroon economy which is considered by the World Bank as less economically develop in mid July 2015 realized that the development of its nation cannot be solely done by the public sector. Hence, it has put forth much emphasis in the SMEs like 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 code 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 [7]. Recent reforms including the creation of the enterprise registration center 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.

What puffers our imagination from the look of things is that despite the numerous major activities and projects taken by the Cameroon government such as the Rural and Urban Youth Support Program aimed at promoting the socio-economic insertion of Cameroon youth (educated and non-educated youth) through social mobilization, training and giving of financial support to enable youth become veritable actors of development, youth socio-economic integrated project under the Ministry of youth Affaires, focusing on the challenges and problems faced by Cameroonian youth (youth unemployment), The National Employment Fund and the Integrated Support Project for Actors of the informal sectors under the Ministry of Employment and Vocational Training all aimed at limiting unemployment which is a source of inequality, direct poverty spread, poor standard of living, school dropout, corruption(bad governance), and low productivity, under growth as well as unemployment. Poverty, lack of creativity, unemployment and other social inequality (lack of equal right amongst citizens) still turn to be rampant in the national territory. This failure to a greater extend can be explain as a result of lack of entrepreneurship in the domain of production at the primary and secondary level and also due to high concentration of government policies in the macro areas than in the micro areas, absolute growth determination (nominal growth) instead of real growth and the absence of the non-economical factor (social relation, entrepreneur spirit etc.) in her growth process.

Entrepreneurship is therefore highly needed in the economy of Cameroon which has really be unstable in its economic performance since its independent in 1960 characterized by the economic recession which lead to a down turn in the economy of Cameroon from the mid-1980 to the early 2000s resulting to a rise in prices, trade deficit, together with the financial crises of 2007/2008 that came in to worsen the situation by increasing the unemployment rate, high dependency ratio, poverty, fall in growth and a massive retrenchment in the private and the public sector. As a result of these, many people are finding themselves engaging in informal business to make ends meet. However, promoting entrepreneurship in Cameroon economy will facilitate fast economic development, reduce dependency ratio on the state, ameliorate living conditions of the minorities, which can also go a long way to better up the professional skills of most Cameroonians in production, innovations and creativity leading to food supply, and hence responding to most of the objectives of the Cameroon government stated in its Growth and Employment Strategy Paper on the country's vision 2035 target.

In our view we think the Cameroon government alone cannot employ all Cameroonians hence the necessity for the promotion of the spirit of entrepreneurship. Therefore, this study on the role of entrepreneurship in the economic development of Cameroon is of great importance. To do this, the following questions are important: what are the factors influencing entrepreneurship in Cameroon? Does entrepreneurship promote economic development in Cameroon? What critical age group contributes more to the effect of entrepreneurship on Economic Development?

Literature Review

Entrepreneurship has been defined by Drucker as the process of extracting profits from new, unique and valuable combination of resources in an uncertain and ambiguous environment [8]. This is closely related to Krizner, 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 [9]. The understanding of the concept of entrepreneurship is never complete without an explanation of the contribution of Joseph Schumpeter to its definition [10]. Schumpeter defines entrepreneurship as a process of creating "new combinations "of factors to produce economic growth [10]. 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 – "reative destruction" to create something new and more valuable, the essence of economic development [10]. Schumpeter's 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 [10].

As Cunha note, Schumpeter was raised in the stimulating climate of the end of the century, in Vienna [4,10]. Schumpeter is credited with many significant developments in economic theory, including the notion of "perfect completion" in an infinite market place [10]. The theory of economic development directed the attention of economists away from static systems and towards economic advancement. In this work, entrepreneurship which Schumpeter believed to be extremely difficult is described as the primary engine of economic development. The innovation of entrepreneurship allows economic systems to avoid repetition and progress to more advanced states. As Schumpeter rightly puts it: "without innovation no entrepreneur; without entrepreneurial achievement no capitalist returns" [10]. Venkataraman take Schumpeter's work on economic development as their primary concern; that is shading additional light on Schumpeter's influence on the concept of entrepreneurship. In particular, they point to Schumpeter's assertion of the importance of the individual and individual effort in entrepreneurship [10,11]. While Schumpeter does not provide a great deal of detail of the characteristics of successful entrepreneurs, he did state that entrepreneurs must expend great energy and possess a strong will to be successful [11].

As noted by Drucker entrepreneurship is the creation of a new organization, regardless of its ability to sustain itself, let alone make a profit [8]. The notion of an individual who starts a new business venture would be sufficient to be labeled as an entrepreneur. It is this characteristic that distinguishes entrepreneurship from the routine management tasks of allocating resources in an already established business organization. Though the definition turns to be somewhat simplistic in nature, it firmly attaches the nature of entrepreneurial action with risk - taking and the bearing of uncertainty by the individual. In a Delphi study, Gartner found eight themes expressed by the participants that constitute the nature of entrepreneurship [12]. They are the entrepreneur, innovation, organization creation, creating value, profit or non-profit, growth, uniqueness and the owner-manager. The themes could be seen as a derivative and expansion of Schumpeter's earlier concept [10].

It has been proven in the literature that making use of alert opportunities is a major determinant of economic development. Thus, Kirzner explains the concept of entrepreneurship in terms of "alertness to opportunity"; the discovery of knowledge previously unknown [13]. According to him entrepreneurial discoveries are realization of ex-post errors made by market participants. The existence of error provides scope for profit opportunities that actors can realize. Therefore, in entrepreneurship, an entrepreneur responds to opportunities rather than creating them. For Kirzner, the adjustment of price is the main role of the entrepreneur [13]. He defined the entrepreneur as anyone who is alert to profitable opportunities for exchange [13]. The Kirznerian entrepreneurs are alert to opportunities for trade and they play an intermediary role and make profit. These possibilities of making profits exist because of imperfect knowledge. According to Kirzner, entrepreneurs have some additional knowledge which is not generally possessed by others, and this allows them to take advantage of profitable opportunities as they arise [11,13]. It is the possession of additional knowledge that provides opportunities for creative discoveries. This is in contrast to the Schumpeterian view where anyone could potentially possess the additional knowledge and be alert to the business opportunities [8,10].

Macro-level empirical work has been concern with how entrepreneurship influences economic measures of development, such as GDP, productivity, and employment. Very few studies have considered non-monetary or subjective measures. Most micro-level studies focus on the why and how of entrepreneurship, not its impact on development. Nevertheless studies on the productivity, innovativeness, and growth and female entrepreneurs provide insights on whether and how entrepreneurship matter for development. One lesson is that innovative entrepreneurship matters most for development. Epo, consider the literature on the impact of entrepreneurship on employment, innovation and productivity growth [3]. They found that entrepreneurs do not spend more on research and development than their counterparts, although the quality and efficiency of their innovation is higher and that their contribution to productivity growth is low. The majority of entrepreneurs would earn higher incomes as wage employees and create more jobs relative to non-entrepreneurs; the quality of jobs they create is lower. Hence not all entrepreneurs drive development, and not all entrepreneurs are innovative [14].

Studies found that innovative firms, particularly in high-tech sectors, have on average higher levels of productivity, tend to enjoy higher employment growth and cause positive spillovers for other firms [15]. Reconsidering entrepreneurship's role in economic development reveals that entrepreneurship influences development outcomes positively as well as negatively and entrepreneurship is in turn significantly determined by the dynamics of development. Entrepreneurship is therefore a valid and important subject of study for development scholars and development is a worthwhile subject of study for entrepreneurship and management scholars.

Methodology of Study

In this framework, the economic model of the family developed by Becker form the conceptual basis for our analysis of the implication

of social capital supply built on family and friends relationships [16]. The family's objective is assumed to be the maximization of the utility that it derives from consuming the various goods that it produces using inputs of family members' time and market-purchased goods and services, also child services are viewed as consumption good from which parents derive utility. The family's level of consumption of child services depends on both the number of children that it produces and on the quality of each child [17].

The time spent by members of family in activities such as food preparation, assistance during period of difficulties, collecting water and fuel as well as seeking preventive and curative medical care is an important input into the production and building of social ties among individuals in a family. Most often individuals who have problems may rely on other members of the household to provide help and care for their survival, the quality of care provided by these substitutes, is what is very important in our society especially if there is unity among the members. However, household income generating activities also increase the level of household resources, which should improve their nutritional value and their living standard. As a result, detrimental effects of changes in time allocation may be partially or completely offset. Moreover, there is some evidence that men are more likely than women to spend their income in ways that improve income generating activity (entrepreneurship) and the welfare of the family as a whole. What then can we say? The net effect of social capital on entrepreneurship development outcomes is an empirical question/ issue.

Empirical specification

As noted above, we shall use the household consumption model as originally proposed by Rosenzweig and Schultz and as adopted by Morris et al (2000). We consider the act of entrepreneurship to be a choice that results from the household's efforts to maximize its utility, which is based in part on economic development [18]. In this model, the household is assumed to choose leisure (L_t) and consumption (C_t) of goods and services, in order to maximize their utility. The consumption of goods and services is desired for its own sake and has no impact on economic development. Economic development $\left(AP_t^C\right)$ is determined by many factors (government policies, literacy...) that do not provide any direct utility to the household. The household preferences and economic development can be represented by the following additive utility function:

$$U_t^H(\bullet) = E_0\left[\sum_{t=0}^{T}\varphi^t U^H\left(C_t^{Cr}, L_t^{Cr} AP_t^C\right)\right] \quad (1)$$

$$AP_t^C = F\left(Cr_t, T_t^{nCr} V_t^{Cr}, \psi^C, \psi^{Cr}{}_t, \psi_t^A, \mu_t\right) \quad (2)$$

From equation (1) and (2), entrepreneurship is as a result of households' choice $(Cr_t), T_t^{nCr}$ access to credit, $V^n{}_t$ experience capture by age in complete years, ψ_t^C sex-male or female, ψ_t^{Cr} is level of education (primary, secondary and higher], ψ_t^A is place of resident while μ_t stands for the unobserved attributes related to the household such as place of work, it captures the influence of all unobserved variables on economic development.

As noted in Morris et al. (2000) the population will maximize household welfare, subject to financial and time constraint, the financial constraint shows that the household expenditure on consumption goods and financial credits depends on their prices $\left(Cr_t, Cr_t^n, Cr_t^{Cr}\right)$ as well as on the household earnings. These households earnings are determined by the amount of time spent working in the labour market $\left(T^{LCr}{}_t\right)$, the wage paid to the household $\left(w^{Cr}{}_t\right)$ and the amount of unearned income held by the household. As also noted, the household are constrained by the amount of time available to them. These two constraints can be express in eqns. (3) and (4).

$$Cr_t\left(C^{Cr}{}_t\right) + Cr_t^n V_t^n + Cr_t^{Cr} V_t^{Cr} = \left(T^{LCr}{}_t\right) w^{Cr}{}_t + Y^H{}_t \quad (3)$$

$$T^{Cr}{}_t = T^{LCr}{}_t + T^{nCr}{}_t + L^{Cr}{}_t \quad (4)$$

In this perspective, maximizing household expenditure per head subject to these constraints implies that economic development depends on access to credit, prices of consumption good, credit services, wage rates for households, level of education and other unobservable characteristics. Further, the decision for household to seek self employment will depend on all these variables. This may be summarized in eqns. (5) and (6) as follows:

$$AP^C{}_t = \theta\left(Cr_t, Cr^n{}_t, Cr^{Cr}{}_t, w^{Cr}{}_t, Y^H{}_t, \psi^C, \psi^{Cr}, \psi^A{}_t, \mu_t\right) \quad (5)$$

$$Cr^{type}{}_t = \psi\left(Cr_t, Cr^n{}_t, Cr^{Cr}{}_t, w^{Cr}{}_t, Y^H{}_t, \psi^C, \psi^{Cr}, \psi^A{}_t, \mu_t\right) \quad (6)$$

This theoretical model holds that self-employment will drop as household expenditure per head reduces. Household size, place of work and corruption can be interpreted as things that reduce self-employment (Morris et al., 2000). The observed relationship between economic development $\left(AP^C{}_t\right)$ and entrepreneurship $\left(Cr_t\right)$ in a heterogeneous $\left(\mu_t\right)$ population is:

$$\frac{dAP^C{}_t}{dCr_t} = F_p + F\frac{d\mu_t}{{}_\mu dCr_t} \quad (7)$$

This simply means that what is observed in the household is not the real technical relationship between entrepreneurship and economic development. So we introduce an additional component $\mu\frac{d\mu_t}{(dCr_t)}$ which will differ from zero if entrepreneurship is correlated with the unobserved variables [19].

Hypothetical mechanism linking entrepreneurship to economic development

Entrepreneurship $\left(AP^C{}_t\right)$ can affect economic development $\left(AP^C{}_t\right)$, either positively or negatively through several ways notwithstanding, entrepreneurship is generally associated with increase economic development and they can be jointly estimated though each has its own interpretation. As stated earlier self-employment is an important component of household expenditure per head because it shapes both present and future livelihood opportunities. From the foregoing, the causal link of entrepreneurship and economic development can be depicted by the following structural equation:

$$AP^C{}_t = \varphi_0 + \varphi_1 Cr_t + \varphi_2 \psi^C{}_t + \varphi_3 \psi^{Cr}{}_t + \varphi_4 \psi^A{}_t + \mu_t \quad (8)$$

$$Cr_t = \exists_0 + \exists_1 \psi^{Cr}{}_t \exists_3 \psi^A{}_t + \exists_4 Z_t + \nu_t \quad (9)$$

Eqn. (8) is our structural equation of interest, while following Wooldridge, eqn. (9) is the reduced form of self-employment generating economic development estimation strategy [20]. From eqn. (8), the estimation of the parameters of economic development function requires knowledge of inputs into the process and since inputs and outputs are jointly determined, causality might also occur in the other direction. Moreover, many studies have shown that self-employment is a key determinant of household expenditure per head (Morris et al., 2000). Therefore, we use a conventional method to reduce the problem of endogeneity that is by using the instrumental variable (IV) method, given that the interest of this work is to obtain unbiased estimates of the role of entrepreneurship on economic development in Cameroon.

Econometrically the IV method is used to estimate causal relationships when controlled experiments are not feasible, in other words when a treatment is not successfully delivered to every unit in a randomized experiment [18]. This IV method allows consistent estimation when the explanatory variables are correlated with the error terms of a regression relationship. This may occur when economic development causes at least one of the covariates, when there are relevant explanatory variables which are omitted from the model or when the covariates are subject to measurement error. As noted by Rosenzweig and Schultz ordinary linear regression will produce biased and inconsistent estimates, however, if an instrument is available, consistent estimates may still be obtained [18]. In our linear model above, we assume that in using the instrumental variable: (1) our instrument is correlated with the endogenous explanatory variable, conditional on the other covariates; (2) our instrument is not correlated with the error term in the explanatory equation conditional on the other covariates, i.e. the instrument cannot suffer from the same problem as our original predicting variable. However, Mwabu mentioned that, three properties of an instrument need to be noted at the outset [19]. First, an instrument is relevant if its effect on a potentially endogenous explanatory variable is statistically significant. Second, an instrument is strong, if the size of its effect is 'large'. Finally, the instrument is exogenous if it is uncorrelated with the structural error term. An instrumental variable that meets all these requirements is a valid instrument, but often very difficult to find.

Considering our model, in order to properly interpret the estimated parameters of the model in eqns. 3-4, it is important that entrepreneurship effects of the endogenous inputs and of the sample selection rule be identified [20]. However, in our study there are no such issues as selectivity bias giving that entrepreneurship variable does not have any missing items so we fail to impose any exclusion restriction. Not–with-standing, ideally in the literature, three types of structural effects were supposed to be identified, namely: (a) effects of the endogenous inputs from those of unobservable variables that are correlated with these inputs (b) entrepreneurship impacts of all regressors from the effects of unobservable variables that were to influence selection of households/individuals into the sample and (c) effects of endogenous inputs from those of neglected nonlinearities of the structural model. In each case, identification is through a common set of exclusion restrictions. There is also need to stress that even with valid instruments it is difficult in practice to separate out the impacts of endogenous variables from the effects of unobservables in a structural model.

Identification, validity of treatment variable and model specification

In eqn. (9), Z_t is the household length of residency in present location (cluster mean), it represent the instrument use to instrumentalize for agricultural credit. In Cameroon, by policy and legal right, it's stated that a long duration of a household in a given geographical location warrants the household to own fixed assets such as land, houses and to an extend become an indigene of that locality provided they are not foreigners *Ceteris paribus*. This means that, the duration of a household in a particular locality can facilitate access to agricultural credit. It has been hypothesize that most banks and micro financial institutions easily give credit to households or individuals with collateral securities such as land assets, buildings and even those with good farm earnings in other words those with better economic status or non poor. Given that it's not always the case to all households, we will capture our instrument at the community (cluster mean) level to avoid individual effect on our result. Our instrument is observed to have these characteristics and so making it a good instrument to be use. To test/scrutinize the use of this instrument, we shall used the Durbin-Wu - Hausman Chi2 test to verify for the exogeneity of the potential endogenous variable, while to verify the validity (relevant and strength) of the instrument we will use the Weak identification test of Cragg-Donald F-Statistics and the over-identification test of Sargan statistics.

Considering our model specification, we shall estimate a TSLS model in which the self-employment variable is first regressed on the household expenditure per head in association to the other exogenous variables in the model (Morris et al., 2000). In the second stage of this estimation, our model of interest is estimated including the predicted value of the self-employment variable derived from the first stage and adjusting the standard errors appropriately. Assuming that the household expenditure per head is uncorrelated with the omitted variable such as parent endowments, the predicted value of the household expenditure per head variable will also be uncorrelated with them so that the estimation is purged of the bias that results from these omitted variables as shown in eqns. (8) and (9).

Further to ensure robustness of our result, reduced form equation can in addition be estimated using the probit equation thus:

$$Cr_t = \alpha + \beta n_t \chi'\delta + Y_{\nu}\gamma + \nu_t \quad (10)$$

Where n is the total number of households in agriculture, X is a vector of individual farmer's control variables, Y is a vector of community level controls. We are interested in β, which describes the relationship between self-employment and household expenditure per head. As noted in the literature, it can be emphasis that in spite of controlling for individual or household characteristics, estimating eqn. (10) is unlikely to yield effects that can be interpreted causally. Though some studies have treated self-employment as exogenous determinants of household expenditure per head, it is rather plausibly regarded as endogenous as the household jointly chooses both the decision to consume and to be employed. Furthermore, omitted variables, such as unobservable preferences, may also affect both the behavior of the household and employment decisions, and n and υ in eqn. (10), are therefore likely to be correlated confirming our use of TSLS [21].

Data Presentation

In this study we employ the 2007 Cameroon household consumption (HCS) survey conducted by the National Institute of Statistics. This survey was conducted between May and July 2007 and comprised of 11391 households. The selected variables for our analysis are: The outcome variable is economic development captured by household expenditure per head. The main independent variable is capture by household heads working on their own proper account such as business ownership. The instrument for endogenous variable is the cluster mean of the average number of persons belonging to a household. The exogenous demographics are: household work in the formal sector, male gender, household access credit, household saving, electricity, water, professional training, corruption appreciation, land ownership, primary, secondary, higher school attendant, household shareholder, household size, urban household resident and experience (capture by age of household head).

Presentation of Results

Weighted descriptive statistics

The statistics table provides the means of the overall variables

used in the analyses of the relationship between entrepreneurship and economic development. Weighted descriptive statistics for the HCS survey indicated that the mean of welfare is 12.6661 and having a standard deviation of 0.7519603 indicating a small deviation of the observations from the mean. This implies the amounts of households' expenditure per head are closely associated. The minimum and maximum expenditure per head are 11.18517 and 16.24382 respectively. The mean value of entrepreneurship is 0.6465158 and standard deviation 0.4780724 indicating 60% of the sample on average are engage in an entrepreneurial activity.

Looking at some exogenous and demographic characteristic on the influence of entrepreneurship enhancement in Cameroon, our weighted statistics identify that about 74% of these income generating activities are done by men against 26% of their women counterpart, statistics also show that among this income generating activity created among household head, about 37 percent of this creation are household located in the urban area against 63 percent in the rural area in Cameroon. Averagely, household size stand at four, and their age in complete years which is captured using Experience in complete years stand at 42 years. Still on our descriptive statistics, it shows that only 33 percent of household in Cameroon attain primary education, against 32 percent and 6 percent in the secondary and higher level respectively. On average about 25 percent of age group 30-39 are active and/or working against 20% and 14% of age group 40-49 and 50-59, respectively. The wealth status is captured by 1 for non-poor and 0 otherwise and it has mean of 0.7090716 for non-poor indicating averagely, the most of the sampled population fall within the non-poor rank of the society and with a standard deviation of 0.4542105 whereas household appreciation of the level of corruption stood at 53 percent.

Looking at the mean vale of 0.0384836 for savings with a minimum value 0 for not having an account and maximum value of 1 for having an account, we realized that a very small proportion of the population has access to a saving account as conform by the low standard deviation. And most importantly our Cluster mean of average numbers of household satisfy with social network and household belonging to a social network which are our instrumental variable in the study stood at 41% and 37% 6 respectively (Table 1).

Determinants of entrepreneurial venture

Base on the result presented below, we observe that the males are less likely to engage in entrepreneurial activities as opposed to females. This is reflected by the negative coefficient with regard to the males on entrepreneurs working on their proper account. This coefficient is statistically significant. Furthermore, entrepreneurship activities tend to reduce with increase in household size, corruption and the individual being a primary or secondary education certificate holder. Thus, as the household size increases the level of entrepreneurship development of the household drops. Again, as the level of corruption increases, so too is the level of entrepreneurship development likewise primary and secondary school certificate holders are less entrepreneurial as indicated by the negative coefficients.

Savings and higher education on the hand were found to contribute positively to entrepreneurship development. Thus, the more individuals save and the higher the level of education the more they become entrepreneurs and better manages their working account capital. These coefficients are found to be statistically significant at 1% level of significance.

Base on the result above, we observe that the males are less likely to engage in entrepreneurial activities as opposed to females. This is reflected by the negative coefficient with regard to the males on entrepreneurs working on their proper account. This coefficient is statistically significant. Furthermore, entrepreneurship activities tend

Variables	Obs	Weight	Mean	Std. Dev	Min	Max
Outcome Variable of Interest						
Log of household expenditure	11391	4069790.9	12.66661	0.7519603	0	1
Endogenous Variable						
Entrepreneur (1=working on one proper account, 0 otherwise)	11391	4069790.9	0.6465158	0.4780724	0	1
Instrument for the endogenous variable						
Satisfied with social network (1=HH is satisfy with the social network he belongs, 0 otherwise)	11391	4069790.9	0.4119688	0.4922111	0	1
Belonging to a social network (1=HH belongs to a social network, 0 otherwise)	11391	4069790.9	0.3755685	0.4842906	0	1
Exogenous Characteristics						
Sex of HH (1=male, 0 otherwise)	11391	4069790.9	0.7437664	0.4365715	0	1
HH has a savings account (1=ownership, 0 otherwise)	11391	4069790.9	0.0384836	0.192369	0	1
HH Size	11391	4069790.9	4.393024	3.025335	1	43
HH believes corruption is destructive (1=corruption is not good, 0 otherwise)	11391	4069790.9	0.5393308	0.4984726	0	1
Primary education (1=hh completed primary education, otherwise)	11391	4069790.9	0.3360917	0.4723914	0	1
Secondary education (1=HH completed secondary education, otherwise)	11391	4069790.9	0.3210247	0.4668907	0	1
Tertiary education 1=HH completed tertiary education, otherwise)	11391	4069790.9	0.0668798	0.2498248	0	1
Wealth Status (1=non-poor household, 0 otherwise)	11391	4069790.9	0.7090716	0.4542105	0	1
Age group (1=between 30 and 39 years, 0 otherwise)	11391	4069790.9	0.2568366	0.4369077	0	1
Age group (1=between 40 and 49 years, 0 otherwise)	11391	4069790.9	0.2038819	0.4028999	0	1
Age group (1=above 50 years)	11391	4069790.9	0.1463985	0.3535208	0	1
Experience (measured as the complete number of years spend in the activity)	11391	4069790.9	42.00609	42.00609	0	77
Place of Residence (1=urban, 0 otherwise)	11391	4069790.9	0.3701806	0.4828741	0	1
Source: Author, from Household consumption Survey, 2007.						

Table 1: Sample descriptive statistics.

to reduce with increase in household size, corruption and the individual being a primary or secondary education certificate holder. Thus, as the household size increases the level of entrepreneurship development of the household drops. Again, as the level of corruption increases, so too is the level of entrepreneurship development likewise primary and secondary school certificate holders are less entrepreneurial as indicated by the negative coefficients.

Savings and higher education on the hand were found to contribute positively to entrepreneurship development. Thus, the more individuals save and the higher the level of education the more they become entrepreneurs and better manages their working account capital. These coefficients are found to be statistically significant at 1% level of significance. Also, entrepreneurship activities tend to increase with age and experience the individual gets in the business. The positive coefficients imply as age increases the more entrepreneurial activities increases. The more experience an individual gets in business the greater his entrepreneurial skills and the more the entrepreneurial activities. These coefficients are statistically significant at 1% level of significance. With regard to the geographical place of residence, the coefficient is positive indicating entrepreneurial activities ten to increase with people in urban centers than those in rural areas. Thus, people residing in urban areas are more entrepreneurial than those in rural areas. The geographical place of residence tends to have a statistical significant effect on the level of entrepreneurship of the individual (Table 2).

Thus, the above findings reveal that corruption, larger family size, lower level of education leads to a decline in the ability of an entrepreneur working on his proper account. While on the other hand, experience, settling in urban town, higher level of education, and the age of the entrepreneur positively contributes to his ability to manage his working account and thus the level of entrepreneurship development. To be able to use the Two Stage Least Square, the identification test was carried out to determine if the model is exactly identified or under identified. Here, the Anderson canon correlation. LM statistic was applied and the chi square test reveals the coefficient (16.78) is statistically significant at 1% and as such we reject the null hypothesis of under identification and accepting the alternative of exactly identified model given us the opportunity to the apply the 2SLS. The result of the 2SLS is presented below.

Entrepreneurship and the promotion of economic development

Table 3 present the results of (a) the OLS result in column two, which can either be bias upward or downward; (b) the instrumental variable result in column three (IV 2SLS). Considering equation one above, the result of the OLS regression can either be biased upward or downward depending on the direction of the relationship between entrepreneurship and economic development effects. Therefore, this OLS result is not appropriate for inference, this explain why the entrepreneurship is negatively significantly revealing that the value of entrepreneurship is not appropriate for judgment. The 2SLS result solves the problem of endogeneity resulting from the data this can either be from missing variables or omission. Further, following the joint F/(p-value) test for Ho: coefficients on instruments=0/Wald/chi2 of 608.95 [15, 11375; 0.0000] for OLS and 809.40 [15, 11375; 0.0000] for 2SLS reveals that the 2SLS is preferable.

Going by the 2SLS result presented below, entrepreneurship positively contributes to economic development. That is the more individual's engage in entrepreneurial activities, the more they are likely to increase their investment and hence increasing their wealth status thereby resulting to an increase in their standard of living and hence development. This coefficient is statistically significant at 1% level of significance indicating entrepreneurial activities are a significant determinant of economic development. Furthermore, savings and level of education positively contributes to economic development. Thus the more people save and the higher the educational level they attain the higher the level of economic development. The coefficients of savings and educational (primary, secondary and higher) are statistically significant and thus should be taking into consideration in designing any policy aim at enhancing the standard of living of the population.

Household size and corruption both have a negative effect on economic development. As such, an increase in the size of the household reduces the per capita expenditure of the household by about 60.5224 percent. Also when the society is corrupt the standard of living and per capita expenditure declines leading to a fall in economic development. These coefficients are statistically significant at 1% level of significance. As such these factors are key determinants of the standard of living of the population. Lower ages tend to be associated with a fall in welfare as

Variables	Coefficient	Standard deviation	t-statistics	P-value
	Entrepreneurship Determinants			
Male	0.923378*	0.0091712	10.07	0.000
Savings	-0.034352**	0.0200659	-1.71	0.087
Hh size	-0.0080377*	0.0014634	-5.49	0.000
Corruption	-0.2133929*	0.0097373	-21.91	0.000
Primary	-0.0573556*	0.0106842	-5.37	0.000
Secondary	0.219219*	0.0121177	18.09	0.000
Higher	0.4794027*	0.0184972	-25.92	0.000
Non-poor	0.0576673*	0.0100178	5.76	0.000
B30-39	0.0511991*	0.0102092	5.01	0.000
B40-49	0.0572136*	0.0109549	5.22	0.000
B50-50	0.0678901*	0.0124666	5.45	0.000
Experience	0.001212163*	0.0003062	3.97	0.000
Urban	0.129487*	0.0101304	-12.62	0.000
R-squared	0.6528	n/a	n/a	n/a
LR chi2/ F-Stat	294.11 [14, 11376; 0.0000]	n/a	n/a	n/a
Observation	**11391**			

Source: Author, computed from HCS. Note: *=significant at 1%, **=significant at 5% and ***=significant at 10%

Table 2: The factors affecting entrepreneurial venture.

Variables	OLS	2SLS
	Economic Development	
Entrepreneurship	-0.089*** (9.17)	0.940*** (2.63)
Male	0.053*** (5.56)	0.148*** (4.17)
Savings	0.087*** (4.18)	0.123*** (3.85)
Household size	-0.069)*** (45.19	-0.061*** (16.91)
Corruption	-0.048*** (4.67)	-0.268*** (3.46)
Primary	0.073*** (6.54)	0.132*** (5.11)
Secondary	0.197*** (15.39)	0.422*** (5.26)
Higher	0.629*** (31.79)	1.122*** (6.47)
Nonpoor	0.783*** (75.11)	0.842*** (33.33)
B30-39	-0.013 (1.22)	-0.066*** (2.78)
B40-49	0.009 (0.79)	-0.050* (1.92)
B50-59	0.056*** (4.30)	-0.014 (0.47)
Experience	0.001*** (2.95)	0.002*** (3.51)
Urban	0.290** * (27.34)	0.423*** (8.72)
R-squared	0.6797	0.8492
F test of excluded instruments	608.95 [15, 11375; 0.0000]	809.40 [15, 11375; 0.0000]
Angrist-Pischke multivariate F test	n/a	16.775 [0.0002]
Cragg-Donald F-Stat	n/a	8.387 [19.93]
Sargan statistic test	n/a	2.115[0.1458]
Durbin-Wu-Hausmanχ^2 test	n/a	16.498 [0.0000]
Observation	11391	11391
Source: Computed by author using STATA 11.0. Notes: ***, ** and * indicate 1%, 5% and 10% levels of significance, respectively. N/B: absolute value of robust t-statistics in parentheses beneath estimates.		

Table 3: Entrepreneurship and economic development nexus.

indicated by the negative coefficient of ages between 30 and 39 though insignificant. However, as people gets older, they tend to focus more on their basic needs thereby increasing the expenditure per capita and hence increase in welfare. The coefficients of age are all statistically significant at 1% level of significance.

The coefficient of experience is positive indicating the more experience an individual gets with regards to the business, the more is likely to spend and the better his standard of living. As such a year increase an individual gets in experience in his business, the better his standard of living as per capital expenditure increases with increase in experience. With regard to social status, the non-poor have high standard of living as they spend more as oppose to the poor. This implies the non-poor spend more of their income per head as opposed to the poor. This coefficient is statistically significant. Also, the standard of living drops ad the age of the age of the individual increases. The older the individual becomes, the lower his per capital expenditure and fall in the economic development. The age of the individual is a significant determinant of economic development. Looking at the geographical place of residence, people in urban areas have a high standard of living and high per capita expenditure as compared to people in rural areas. This therefore implies people in the urban area have a high standard of living and level of development as oppose to those in the rural areas. The coefficient of the geographical place of residence is a statistical determinant of the level of economic development (Table 3).

The adjusted R-square which shows the degree of goodness fit has a coefficient of 0.8492 implying about 84.92 percent variation in the welfare is accounted for by changes in the explanatory variables included in the model with 37.07 percent change is accounted for by variables outside the model. To verify for the joint significant effect of the explanatory on the dependent variable, the F-statistics test is used. The coefficient of the statistics is significant at 1% indicating the explanatory variables jointly are significant determinants of the welfare of the society and the economic development.

Critical age enhancing entrepreneurial venture and economic development nexus

Considering Table 4, the result shows that less than 30 years age group entrepreneurs are not significantly influencing economic development, perhaps due to their low management skills and contribution to nation building. However, age group above 30 years entrepreneurs is strongly correlating with entrepreneurship to increasing economic development. Involvement in entrepreneurship means increase employment, increase investment, increase in production and business structures. These elements are all strong determinants of economic growth. Furthermore, household size and non-poor are significant in all the age group at 5% level of significance. Thus, as the household size increases the level of entrepreneurship development of the household drops. Again, as the level of non-poor increases, so too is the level of entrepreneurship development likewise primary and secondary school certificate holders are less entrepreneurial as indicated by the negative coefficients (Table 4).

For age group below 30 years, Savings, higher education, experience and urban residence were found to contribute positively to entrepreneurship development. Thus, the more individuals save and the higher the level of education the more they become entrepreneurs and better manages their working account capital. These coefficients are found to be statistically significant at 5% level of significance. Also, entrepreneurship activities tend to increase with age, education, urban residence and experience as shown in the age group 40-49. The positive coefficients imply as age increases the more entrepreneurial activities increases. The more experience an individual gets in business the greater his entrepreneurial skills and the more the entrepreneurial activities. These coefficients are statistically significant at 5% level of significance.

For age group above 50 years, with regard to the geographical place of residence and education, the coefficients are positive indicating entrepreneurial activities ten to increase with people in urban centers than those in rural areas. Thus, people residing in urban areas are more entrepreneurial than those in rural areas. The geographical place of residence and education tends to have a statistical significant effect on the level of entrepreneurship of the individual.

Conclusion

This study has as objective to examine the determinant of entrepreneurship and the effect of entrepreneurship on economic development. The findings reveal that savings, higher level of education, experience in business and settlement in urban centre are having positive significant effect on the level of entrepreneurship. This therefore implies the more an individual save, the greater the capital he has to carry on with business activities. Also the longer the time

Variables	Age group < 30 Years	Age group [30 – 39 Years]	Age group [40 – 49 Years]	Age group [> 50 Years
	Economic Development			
Entrepreneurship	0.024 (2109)	0.866* (1.65)	0.120*** (3.33)	0.400* (1.77)
Male	0.032** (1.99)	0.338 (0.77)	0.038 (0.70)	0.062* (1.70)
Savings	0.121*** (2.76)	0.091 (0.69)	0.039*** (3.86)	0.050 (0.70)
Household size	-0.158*** (26.52)	-0.083*** (2.66)	-0.058*** (11.21)	-0.044*** (8.10)
Corruption	-0.081 (0.99)	-0.476 (0.73)	0.014 (0.27)	-0.096 (1.17)
Primary	0.072*** (2.10)	0.203 (0.65)	0.087*** (3.67)	0.091*** (2.61)
Secondary	0.164** (2.54)	0.703 (0.80)	0.222*** (3.04)	0.352*** (3.68)
Higher	0.576*** (4.65)	2.078 (0.92)	0.623*** (3.54)	0.875*** (4.87)
Nonpoor	0.756*** (30.23)	0.961*** (2.76)	0.782 *** (16.67)	0.816*** (23.25)
Experience	0.016 (3.47)**	0.006 (0.57)	0.011 (2.88)**	-0.000 (0.06)
Urban	0.309*** (7.31)	0.613 (1.25)	0.270*** (4.33)	0.363*** (5.95)
R-squared	0.71942	-2.1154	0.7056	0.6186
F test of excluded instruments	479.92 [12, 2634; 0.0000]	54.33 [12, 2977;0.0000]	468.59 [12, 243] 9	238.52 [12, 1618;0.0000]
Angrist-Pischke multivariate F test of excluded instruments:	12.459 [0.0020]	19.93 [0.7793]	8.458 [0.0146]	10.137 [0.0063]
Cragg-Donald F-StatTest	6.226 [19.93]	0.248 [19.93]	4.220 [19.93]	5.057 [19.93]
Sargan statistic Test	5.834 [0.0157]	0.287 [0.287]	6.411 [0.0113]	4.339 [0.0373]
Durbin-Wu-Hausman χ^2 test	0.066 [0.7972]	4.398[0.0360]	0.003 [0.9532]	2.306 [0.1288]
Observation	2647	2990	2452	1631

Source: Computed by author using STATA 11.0. Notes: ***, ** and * indicate 1%, 5% and 10% levels of significance, respectively. N/B: absolute value of robust t-statistics in parentheses beneath estimates.

Table 4: The effect of entrepreneurship on economic development cameroon.

an individual spends in a business the more skills he or she acquires thereby increasing his mastery of the business and hence the level of entrepreneurial capacity. Furthermore, age was found to be positively associated with the level of entrepreneurial activities. Hence as people become older they gain more experience in the running and management of finances and business ventures there by leading to an increase in the level of entrepreneurial skill as age increases.

Corruption, household size, and lower level of education were found to have negative significant effects on entrepreneurship. As the household size increases, the less likely individuals are to engage in entrepreneurial activities. This is because larger household size entails more concentration on the family welfare and limited time is dedicated to business ventures thereby reducing and leading to a decline in entrepreneurial activities. Corruption serves as a disincentive to hard work as peoples effort seems less appreciated thereby leading to decline in entrepreneurial; development. Lower level of education on it part implies less training and limited managerial skills developed which reflects itself in little or no entrepreneurial development. Furthermore, age group 40-49 is more active in entrepreneurship. Belonging to this age group increases the ability of an entrepreneur working on his proper account as shown by the level of significance of the variables. While on the other hand, experience, settling in urban town, higher level of education, and the age of the entrepreneur positively contributes to his ability to manage his working account. Its effect on welfare is negative since they focus more on business rather than catering for basic needs. Overall, entrepreneurship was found to have a negative significant effect on the economic development and it reduces the welfare of the population. Once people are entrepreneurial, they tend to spend more time and income in promoting their business rather than provide income for their basic needs. Once people cannot provides their basic needs, their expenditure per head decreases leading to a fall in economic development.

As a result of the pertinence of our analysis, our recommendations are given to families, members of associations, and to the Cameroon government to re-enforce entrepreneurship activities in the national economy especially in the rural areas so as to promote development from below for an optimum achievement of her version 2035. As these findings refer to the impact of the average entrepreneur, it perhaps suggests that focusing on the average entrepreneur may not be the best policy stance. It may be better to focus on the small subset of innovative entrepreneurs that do make a difference. Studies find that innovative firms, particularly in high-tech sectors, have on average higher levels of productivity, tend to do enjoy higher employment growth, and cause positive spillovers for other firms and hence economic development. There is significant evidence to suggest that policy makers interested in improving household wellbeing in terms of increasing household income for the improvement of income generating activity (entrepreneurship) and thus reducing poverty should be advised to consider promoting social capital as one relevant means to achieve these objectives. Our findings support policies by donors and governments to invest in entrepreneurship either directly or by creating an environment friendly to the emergence of entrepreneurs.

This study could as well be carry out using primary data through

questionnaires but due to time constraint and the costly nature of such an approach we were oblige just to use the secondary data obtain from the 2007 Cameroon household consumption survey (HCS).

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