



The Effects of Government Incentives on the Performance of Small and Medium Sized Enterprises in Cameroon: Evidence from Mezam Division

Regina Nchotu Akwanui

Pan African Institute of Development, Cameroon.

Fabien Sundjo

St. Monica University, Cameroon. sundjofabien@rocketmail.com

Abstract

Small and medium sized enterprises (SMEs) are viewed as a catalyst to economic breakthrough and innovation, job creators, and as the nursery bed for large businesses. Despite the important role SMEs play in the economy of a nation and the support the government provides to enhance the performance of this sector, SMEs still find it hard to make the expected contribution to drive forward economic growth and development. This study therefore investigated the effects of government incentives on SMEs performance in the North West Region of Cameroon. Specifically, the study aimed at investigating the effects of: (a) government incentives, (b) the level of education of the managers of SMEs and (c) the age of the enterprise on the performance of SMEs. To achieve these objectives, data was collected using questionnaires with a sample size of 100 owners and managers of SMEs as respondents. These enterprises were chosen through a purposive sampling technique. Data were analysed using both descriptive and inferential statistics. The probit regression model was used to test the specific objectives of the study. The findings from the study showed that incentives positively influence the performance of SMEs. It was also clear from the findings that entrepreneurs with a higher level of education and/or vocational training and experience will decrease the odds for the SME, not to grow by its marginal effect, compared to entrepreneurs with low level of education, no vocational training and no experience. The government should therefore avail information about incentives and involve private sector operators in policy conception. Implementing institution and officers should distribute or allocate incentives fairly and judiciously. SME owners and managers should build their capacity and be dynamic to seek information and seize opportunities that can enhance the performance of their SMEs.

Keywords: SME performance, government incentive and probit regression model