



**Comparative Business Practices and Productivity Performance
between Family and Non-family Firms: Perceptions and Poverty
Reduction Effects in Cameroon**

By

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Abstract

The current paper attempts to explain productivity performance between Family and Non-family Firms in Cameroon, and also to determine whether the relative contribution to the social and economic development of a country by family firms as opposed to non family firms is related to differences in production technologies and production efficiency. The study made use of quantitative data from the World Bank enterprise survey and a self-explorative survey which was collected using qualitative methods. Based on the former data we estimated total factor productivity via a Cobb–Douglas production function while accounting for the correlation between input levels and productivity. Further analysis allows us to show the main features of the corporate governance model of Cameroonian firms. As concerns management and control of firms, generally, family members are heavily involved in family firms than those of non family firms which are mostly managed externally. As concerns the key conventional input variables of labour and capital that affects firm level output, it is observed that non family firms employ more labour and invests more in capital compared to family owned and managed firms.

Using the two-staged least-squares technique, the econometric analysis shows that family firms and even those managed by families are, on average less productive than externally managed firms and non family owned firms after controlling for sector as well as other characteristics, such as age, export status, access to credit and some business environment obstacles (competition, tax rates and tax administration). Pertaining to the qualitative survey, results showed that there exists some similarities between family and non family firms, and at the same time some significant differences in performance between the two are unveiled in terms of profitability, income generation, job creation and poverty reduction. The paper provides evidence-based policy recommendations to enhance the productivity and competitiveness of family and nonfamily enterprises in Cameroon.

Key words: Cameroon; Family Ownership; Firm Productivity; Perceptions; Poverty Reduction

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1. Introduction

1.1 Background Issues

Since the mid-1980s, almost all African countries implemented economic and financial reforms to achieve macroeconomic stability and improve economic governance. In many countries these reforms led to greater macroeconomic stability, improved fiscal and monetary management as well as better, though still unsatisfactory, overall economic performance. The poor growth performance has made it difficult to reduce absolute poverty which constitutes the first, and perhaps the most critical goal among the Millennium Development Goals (MDGs). Therefore, more efforts are needed for the continent to consolidate improvements in the macroeconomic environment and achieve sustainable growth rates commensurate with the Millennium Development Goals (MDGs) and other development targets. Growth is traditionally considered as the main engine for poverty reduction.

Private sector development is an important channel through which these targets could be reached. There is need for governments to revisit microeconomic (the so called second-generation) reforms needed to stimulate private sector development by improving the business environment and investment climate to facilitate firm entry, growth and survival. These reforms are particularly important given that the benefits from trade liberalization come primarily from new firms and new products (Fafchamps et al. 2002). Entrepreneurship is thus, a determining factor in economic growth of nations. There has been a growing awareness since the early seventies that small and medium size enterprises (SMEs) are important for economic growth. They are seen as the engines of employment, alleviating poverty and improving equality (Okpukpara, 2009; Ayyagari et al., 2011). The societal significance of the entrepreneurial process is the creation of job- and wealth-creating organizations (Smith, 1776; Schumpeter, 1934; Say, 1816) primarily enacted through the creation of organizations (Gartner, 1985). These earlier works set the foundations for later empirical and theoretical development².

One of the major weaknesses of African Economies and Cameroon in particular could be the absence of a clear understanding of the role of entrepreneurship in the economic development of

² Infact, the link between SMEs, entrepreneurship and economic wellbeing dates back to the time of Cantillon (1725), Say (1803) and Schumpeter (1934). Schumpeter (1934) established a link between entrepreneurial ventures and economic development.

a nation. Cameroon has been unable to develop a competitive industrial sector especially because of its poor performance in the global economy and lack of an operational potential at the domestic level. This problem is also compounded by distribution of the wealth generated. As a matter of fact, dividends on share capital continue to have an edge over salaries and other social contributions. There is hence a general outcry for strong growth with an equitable distribution of its fallouts (Government of Cameroon, 2009).

An analysis of the country's growth factors reveals that its economy depends more than 50 per cent on Household and Sole Proprietor Businesses which constitute a sector comprising mostly informal units (notably agriculture and trade) with no guarantee of sustainable growth due to their generally fluctuating performances. In Cameroon, most of these are family businesses characterized by the concentration of capital in the hands of one person, with family members of the proprietor involved in the management of the company and low financing by bank loans. The economic landscape of most nations remains dominated by family firms³ (Heck and Stafford, 2001; Klein, 2000). Family businesses carry the weight of economic wealth creation in most economies. In the U.S., Canada and Slovenia, family businesses account for about 80 to 90 percent of the business enterprises and about 50 percent of the employment and GNP (Phan et al. 2005; Dun et al., 2007). In countries such as those in South and East Asia, Latin America, and Africa, family businesses are becoming even more prevalent, with a vast majority of private and publicly traded firms either owned or controlled by families (see Weiping et al 2010).

The prevalence of family businesses in most economies has called for numerous research and debates in the broad family business literature. Existing research compare and contrasts the performance implications between family and non-family firms and also investigates how the specific characteristics of family business affect firm performance, especially those related to governance structure (see Weiping et al. 2010 for details). Family businesses vary in the modes and degrees of family involvement. Attempts to capture the varying modes of family involvement have pointed to several important governance characteristics, such as family

³ A family-owned business is an enterprise in which a family has significant ownership and control, which may or may not be in a majority but holds significant influence in decision making. The family includes (spouse, offspring and adopted children) immediate relatives (grandparents, parents, siblings) and extended family members (aunts, uncles, cousins, nephews and adopted children).

ownership, family involvement in management, and family control of the board (Villalonga & Amit, 2006). Previous studies used to blur these three concepts; our research considers the last two dimensions. Secondly, most of the empirical research on ownership and performance of firms, referenced before, compares the profitability (ROA; ROE, q ratio) of different ownership forms. To date only a few studies compare productive efficiency⁴ as the new theories predict (some exceptions are Hill & Snell, 1989, and McConaughy et al. (1998), that compare partial measure of productivity, as well as Galve-Górriz & Salas-Fumás, 1996; Wall 1998; Bosworth and Loundes 2002; Barth, Gulbrandsen, & Schone, 2005; Martikainen, Nikkinen & Vähämaa, 2009; Barbera and Moores, 2011; Galve-Górriz and Salas-Fumás (2011) that compare measures of total factor productivity, TFP).

Recent theory predict that changes in productive efficiency is translated into differences in measures of financial performance, and thus the use of productive efficiency or the use of financial measures to test the effect of ownership in performance is irrelevant. If this is the case, then differences in financial performance of firms will reflect the interaction between differences in production efficiency. In fact, in competitive markets (where firms earn a return equal to the cost of capital), the only way over-constrained firms can survive is if they have higher productive efficiency (Galve-Górriz & Salas-Fumás, 2011). Lastly, in as much as productivity is related to financial performance of firms and productivity growth can raise incomes and reduce poverty and unemployment via increased economic growth⁵, it becomes imperative to compare productivity performance of family firms relative to non family firms.

⁴ Productivity or production efficiency is typically defined as the ratio of output (i.e. production of goods and services in monetary terms) to input (labor and capital used in production). Following Palia and Lichtenberg (1999), we apply total factor productivity (TFP) as the measure of firm productivity. Because TFP simultaneously accounts for both labor productivity and output contributions of non-labor inputs, it is considered to be an effective measure of production efficiency. TFP is defined as output per unit of total input, where total input is a weighted sum of the individual inputs.

⁵ Solow (1957) finds that around 90 per cent of improvement in real per capita output, in the US economy, is due to the efficiency growth. Easterly and Levine (2001) document that long-term growth of countries is largely driven by productivity growth.

1.2 Research problem

Poverty is now considered as an issue of global interest, with halving extreme poverty by 2015 constituting the first, and perhaps the most critical goal among the Millennium Development Goals (MDGs). In some countries poverty and unemployment are escalating, and the attainment of the Millennium Development Goals by 2015 is a faraway dream. Small and medium sized enterprises (SMEs) are being targeted as never before for their potential to stimulate growth and create jobs. Moreover, as over 80% of most form of business organization in the world are family-owned or controlled (Lee, 2006), the question of whether family business is an effective business structure in terms of productivity growth remains largely unanswered.

A more productive private sector, in turn, expands employment and contributes taxes necessary for public investment in health, education, and other services. It would be necessary to focus on African institutions and policies related to the business environment that could create inefficiencies or low productivity. High-productivity firms will attract more resources and grow faster thereby generating more jobs. Productivity growth appears to have become one of the surest routes to growth and poverty reduction. The literature provides strong evidence that growth reduces poverty (Tabi and Njong, 2012) and the role of productivity in firm performance is of fundamental importance to this aspect. For instance, approximately 90% of the increase in real per capita output is attributable to the growth of efficiency in the US economy (Solow, 1957; Palia and Lichtenberg, 1999), and Easterly and Levine (2001) also document that long-term growth of countries is largely driven by productivity growth. Thus, a firm can increase its growth and competitiveness through improvement in their productivity, and this situation leads to the development of a country. Crew *et al.* (1971) argue that in the competitive environment, firm's long-run survival seems impossible without increasing productivity.

Secondly, the superior firm hypothesis establishes a positive relationship between productivity and profitability at the firm level. Taking this argument further, Jovanovic (1982) postulates that only efficient firms stay in the market, and that less productive firms will eventually exit the market. Moreover, the link between production efficiency and firm valuation is widely recognized. Previous findings based on quantitative analysis confirm the positive relationship between production efficiency and firm performance suggesting that the higher profitability and valuation of family firms is, among other things, caused by their more efficient use of labor and

capital resources (See for instance, Palia and Lichtenberg (1999); Martikainen et al 2009). We present evidence based on a mixed methods (i.e., combination of qualitative and quantitative data). In addition to determining firm productivity performance, this paper further relates the perceptions of entrepreneurs and youths in family firms compared to non family firms and argue if performance in terms of economic and social development and thus, poverty reduction is related to differences in production technologies and production efficiency explained by the quantitative evidence.

1.3 Objectives and aims

The main focus of this study is to investigate if the perceived positive performance of family firms relative non family firms is related to differences in production technologies and production efficiency. To address objective, the following secondary objectives have been identified:

- Estimate firm's production function and efficiency.
- Examine the effect of family ownership and control on productivity performance;
- Relate productivity performance to perception based firm performance in terms of job creation, poverty reduction and economic development;
- Propose policy issues.

1.4 Significance of the study

This study is of both practical and theoretical importance. At the practical level, measuring productivity performance and identifying its correlates more especially traditional governance structure and business environment may provide useful information for the formulation of policies likely to improve growth and survival of SMEs. Moreover, from the microeconomic standpoint, identifying the factors that may improve firm productivity is of major significance since, by using information derived from such studies, family enterprises may become more efficient and hence more profitable. In fact, with the dominant role of entrepreneurship in the economy, coupled with the rise in unemployment among University graduates, this can be an avenue for the setting up of self-employed activities and job creation. A generic teaching of entrepreneurship in all University discipline and at all school levels will empower the society to

make sensible decisions on resource allocation/management and thereby promote economic growth in the country. However, the perception of youths is important.

At the theoretical level, the study aims to bring some contribution to the understanding of perceptions in entrepreneurship in Sub-Saharan Africa. The most important feature of family-owned enterprises is the lack of separation of ownership from control implying that directors and managers cannot be distinguished. This leads to credibility problems as there is no system of checks and balances between shareholders, directors and managers. The duties and responsibilities, and privileges of family members are not clearly defined. Usually in family-owned firms, the family has the requisite voting power to unilaterally dismiss boards or management or to over-rule their decisions. Thus the concept of independent directors does not prevail in these firms. The family usually wants to retain control over the business and see directors with apprehension. The approach of family owners is that they see anything external with threat. It is for this reason that they are not easily convinced to go for external financing.

This study will help investors to understand the ownership pattern practices in the capital market of Cameroon. It also helps the manager to solve the agency conflict with the shareholder, having to take sound decision about their corporate policies. Furthermore, this study assists the investors to take decisions about their ownership pattern and performance of their stocks in the capital market.

2. Background Literature

2.1 Definition of a Family Business

A key challenge for any analysis regarding family firms is the lack of a widely accepted definition⁶ of what a family firm is (Bennedsen et al., 2010). Previous work has shown that the results of empirical studies are highly sensitive to the choice of the family firm definition (Maury, 2006; Miller et al., 2007). Dyer (2006) points out that the definition of a family business can vary widely from study to study, but two versions in particular stand out. The first one is subjective, defining a family firm as one whose management is controlled by the family members who own it. In this case, outside persons are not involved in the management and there

⁶ Miller et al. (2007) give a comprehensive review of various definitions of family firms.

is strict family ownership/management. The second definition is more objective, considering a firm to be a family business if it meets certain criteria such as the family's ownership percentage or the number of family members holding directorships or filling key management posts.

The objective definition of Dyer fits with Anderson and Reeb (2003) and Villalonga and Amit (2006) who define family firms as firms where the founder or a member of the founding family is an officer, a director, or the owner of at least 5% of the firm's equity. In Japan, Prowse (1992) shows that most of firms have a blockholder like a main bank, mochiai, or keiretsu. Therefore, if we apply the definition of previous studies, many founding families in Japan do not exert influence over the firm as a shareholder, even if they have a stake exceeding 5% in the firm. In terms of management, there are few outside directors and a strict hierarchy within boards in Japanese firms. This structure is needed to assume power as president or chairman for controlling the firm.

The concept of family business and family enterprise are often used interchangeably although the later and the former are closely associated with the Anglo saxon and French traditions respectively. The concept of family enterprise is also bound to vary considering the fact that they are based on unique socio-cultural realities of a given group of people and institutions. This justifies differences in Western and African based definitions due to predominant practices of nuclear and extended family systems respectively. According to Astrachan & Shanker (2005), experts in the field use many different criteria to distinguish these businesses, such as percentage of ownership, strategic control, involvement of multiple generations, and the intention for the business to remain in the family.

For this reason, a definition of family firms in the Cameroon context becomes imperative. Tchankam (2000) defined family business as a type of enterprise where members of the same family control activities or work and actively participate in the management, and maintain a strong relationship between the family and the enterprise. Such enterprises possess unique characteristics, as compared to those with non-family characteristics, since it relies much on family members and kinsmen that influence the vision, perception and values that determine the structure and functioning of the enterprise. With regard to motives behind this

business, family growth, personal occupation, extra family income and containment of jobless family members have usually been observed. In Cameroon, a small-scale family business is generally a sole proprietorship, with many stakeholders (family members and kinsmen), but with just a few paid employees, who are bound by geographical, ideological or psychological factors again, who ensure the day-to-day running of the business. It is virtually managed by the manager-owner, who is generally responsible for both physical and psychological maintenance of the workers (Fomba, 2007). The definition of a family firm in our context therefore is very close to the one used by Amit and Villalonga (2006) and the objective version of Dyer (2006).

2.2 Theory and Empirical Evidence on Ownership Structure and Firm Performance

The prevalence of family businesses has provoked a number of studies that have investigated the impact of family influence on the performance of a firm (Anderson and Reeb, 2003; Jackiewicz and Klein, 2005; Villalonga & Amit, 2006; Rettab and Azzam, 2011; Shyu and Shen 2011). Although the family firm is a popular business model in the world, the issue of whether or not the family firm is an effective business system has not yet yielded a consensus conclusion. Two streams of research can be identified in the broad family business literature.

One stream compares and contrasts the performance implications between family and non-family firms. Jackiewicz and Klein (2005) report that of the 41 studies that compared family to nonfamily businesses, 25 find the former outperform the latter, 5 find the opposite, and 11 find no significant difference between the two types of firms. However, a majority of these studies used financial measures or accounting performance indicator (ROA) or a market-value performance indicator (Tobin's Q). Another stream of research investigates how the specific characteristics of family business affect firm performance, especially those related to governance structure. The results are also highly inconsistent. For example, when compared with family firms managed by outside CEOs, firms managed by family CEOs have been found to be more productive (Durand & Vargas, 2003), less productive (Barth et al., 2005; Westhead and Howorth, 2006), or equally productive (Barontini and Caprio, 2006) in different research contexts.

Theoretically, there are reasons to expect that firms where ownership is concentrated in the hands of a family will be more efficient than other firms. Firstly, concentrated ownership gives the owners a particular incentive to monitor the managers, thus reducing agency costs connected to hired management (Schleifer and Vishny, 1997). Concentrated ownership may as well ease the task of monitoring. Anderson and Reeb (2003) postulate that families tend to have long investment horizons and view their firms as an asset to be passed on to their heirs as a going concern. Anderson et al. (2003) and Anderson and Reeb (2004) suggest that founding families reduce agency conflicts and are efficient in monitoring their firms. Wang (2006) argues that founding families may have incentives to produce high-quality earnings in order to avoid damaging the family's reputation and to improve long-term performance of the firm. Furthermore, the degree of concentration of ownership and control is motivated by business strategies, strategies to manage risks stemming from surrounding institutions. Minority shareholders in publicly owned companies have, in general, highly diversified investment portfolios and are therefore considered more likely to accept potentially risky ventures in return for lucrative earnings. Conversely, the owner of a family firm is likely to have a more concentrated investment portfolio, holding a high proportion of personal wealth within the own firm (McConaughy et al, 1998). Moreover, if family business owners also participate in management, they might command greater loyalty within the firm, thereby enhancing employee productivity and overall firm performance.

Other reasons to believe that family-owned firms may be less efficient than non-family firms are discussed in (Barth et al. 2005). "Concentration of ownership implies a limited diversification of financial risk and a higher cost of capital due to higher risk premium. This situation may induce family owners to be cautious when making new investments and reluctant to raise loans or to admit new investors. This caution may limit the introduction of productivity-enhancing new technology. Further, inadequate investment in R&D and new technology has also been attributed to an alleged preference on the part of family owners for a continuous and stable cash flow in order to finance a privileged lifestyle. This illustrates that concentrated ownership gives an owner opportunity to reap private benefits, which may be incompatible with the efficient operation of the firm" (Barth et al. 2005: 110).

Empirical studies comparing the productivity performance of family-owned, owner-managed, and non-family-owned firms are rather sparse and the few that exist produce inconclusive findings. Galve-Gorriz and Fumas (1996) have studied family owned firms in Spain. They used both productivity and profitability as measures of firm performance. They found that on an average, family firms have higher productivity than non-family-owned firms, but they did not find any difference in profitability. In a study by McConaughy et al. (1998), founding family-controlled firms turned out to be more efficient and valuable than firms without founding family control. Unlike Galve-Gorriz and Fumas (1996), McConaughy et al. (1998), and Kirchhoff and Kirchhoff (1987), Hill and Snell (1989) that use partial measure of productivity, others have used total factor productivity as well.

Wall (1998) has analysed the impact of family ownership on productivity among private firms in Western New York. He found that family firms are less productive than non-family firms after controlling for industry, labour input, and firm age. The productive gap was estimated to be approximately 18%. Bosworth and Loundes (2002) focused on the interaction of “discretionary” investments, innovation, productivity, and profitability, and concluded that family firms are incidentally found to be significantly less productive than non-family firms amongst Australian firms. Barth et al. (2005) analyze the productivity of Norwegian small and medium-sized firms, and somewhat surprisingly conclude that family-owned firms are less productive than non-family firms. Contrarily, Galve-Górriz and Salas-Fumás (1996, 2011) in their estimations assuming that the production technologies are the same for the two forms of ownership did not find any significant difference in productivity between family and non family firms amongst Spanish firms. Another estimation that allowed for differences in all the coefficients of the production function of family and non-family firms (i.e., it is assumed that labour and capital output contributions for both types of firm are heterogenous). In that case, the estimated coefficients of the cross-effect variables are all statistically significant, so the null hypothesis of equal production technology is rejected. This result contrasts with that of Martikainen et al (2009) who do not reject the null hypothesis of similar technology for family and non-family firms with data from US firms. However, in both studies family firms are found to be more efficient in production than non-family firms are.

In a similar study still based on a Cobb–Douglas framework, Barbera and Moores (2011) provide empirical evidence that family labour and capital indeed yield diverse output contributions compared with their non-family counterparts. In particular, family labour output contributions are significantly higher, and family capital output contributions significantly lower. Interestingly, differences in total factor productivity between family and non-family firms disappear when they allowed for heterogeneous output contributions of family production inputs. The findings led them to conclude that the assumption of homogeneous labour and capital between family and non-family firms is inappropriate when estimating the production function.

Therefore, in studies analysing family involvement both the assumptions for unequal factor elasticities or homogenous inputs contribution could still lead to a better understanding of the differences in production strategy, planning, and other important productivity drivers between family and non-family firms. The main contribution of this study is to empirically assess within the production function framework of microeconomics whether family ownership structure improves the production efficiency of a firm in Cameroon. Secondly, studies that used the Cobb–Douglas production to examine the differences in the production efficiency between family and non-family firms measure the productive efficiency of each firm in the sample in terms of Solow’s Total Factor Productivity (TFP), inferred for each firm in a straightforward manner via a linear regression model obtained from the estimated production function. In this study, follow an econometric estimation of TFP, estimated as the residual term of the production function.

A sub contribution to the literature is based on the argument that if differences in firms’ productive efficiency would directly translate to differences in development indicators like rising profits, income generation, job creation, poverty reduction and economic growth, then the use of these indicators to test the firm ownership-performance nexus would be irrelevant.

Previous studies have successfully identified several potential factors which may enhance the performance of family firms, but to a little pathway of influence through which these factors may affect firm profitability, market valuation and economic growth. However, the identified factors may, for instance, affect production efficiency, which is then reflected in profitability, market valuation and overall growth. Alternatively, the superior performance of a particular firm may also be directly caused by reduced costs, which could result from the lower financing costs of the

firms (see e.g., Anderson et al., 2003). In this paper, we examine whether the perceived profitability, income generating, job creation and poverty reduction effects of family firms relative to non family firms could be related to differences in production technologies and production efficiency. This relationship has so far received relatively little attention in the literature due to perhaps the nature of the available data. For this reason, we carried out a mixed method of analysis where we investigate managers' and youths' entrepreneurship perceptions and goals in entrepreneurial activities and link their achievements to firm productivity performance based on evidence from secondary data. Likewise, negative perceptions are also identified that could possibly affect productivity and firm performance.

3. Nature of Data

The analyses contained in this study involve the collection and analysis of both qualitative (primary) quantitative (secondary) data. Thus, we adopt a mixed method of empirical analysis. The former is collected by the researchers based on expert interviews and questionnaire. The sample of secondary data is a sample of non agricultural manufacturing firms across Cameroon collected by the World Bank.

3.1 Primary data

The ultimate goal of the survey was to investigate managers' and youths' entrepreneurship perceptions relative to entrepreneurial motivations. The study adopted a survey approach with the recruitment of managers representing their enterprises in 5 Regions and final year undergraduates in two federal universities in Cameroon. With regard to enterprises, 156 were involved; 74 family (47.4%) and 82 non family (52.6%). Participants were 110 males (74.4 %) and 44 females (28.6%) representing their enterprises with a mean age of 37.07 (SD=9.137) and majority (30.4%) holders of the Advanced Level certificate. Concerning the young people population, 471 final year students were sampled from two federal universities, 252 males (53.5%); 219 females (46.5%), with mean age of 22.73 (SD=2.625). The study employed stratified random sampling with purposive selection of the strata and simple random sampling to ensure the representation of all necessary categories of respondents in the Regions and Universities. Seven enumerators, graduates in psychology and economic sciences were recruited

and trained during an orientation workshop for qualitative and quantitative data gathering in the five regions and two federal universities.

Based on entrepreneurship literature and family firm, instruments for data gathering were developed based on a review of the entrepreneurial literature. The data of the study were collected using a locally developed and tested questionnaire with different sub-scales. For the managerial firm perception questionnaire, it was purely descriptive with the following indicators: creators of enterprise, motives for creation, managerial responsibility, role in poverty reduction, perception of management styles, personnel, training and succession, satisfaction and difficulties. With regard to the youth firm perception questionnaire, it had two sections: a descriptive section with indicators and a section with subscales to gather quantitative information. The indicators of the first section comprises: business ownership, perception of family firms, perception of non family firms, economic development, poverty evaluation, management styles, self-employment, business start-up motivations and difficulties. The section of the questionnaire was on entrepreneurial motivations of young people and comprised the following sub-scales and reliability coefficients: perception ($\alpha=.83$), need for achievement ($\alpha=.66$), need for affiliation ($\alpha=.71$), need for power ($\alpha=.74$), entrepreneurship aspiration ($\alpha=.85$) and national culture ($\alpha=.72$). It should be noted that the data of the study were analyzed using the SPSS software.

3.2 Secondary data

The survey was collected by the World Bank to benchmark the investment climate in different countries across the world and contain information to analyze firm behavior and performance engaged in non-agricultural private formal sector activities. The data used in this analysis were collected in two waves of a total of 172 firms surveyed in 2006 and 363 firms in 2009 respectively. Thus, the surveys have a panel structure and was conducted on firms located in the major industrial regions in Cameroon which consist of Littoral (Douala), Centre (Yaoundé), West (Bafoussam), which represents approximately 92 percent of the total number firms in the country. Table 1 shows the breakdown of firms by size (number of workers) and regions. As shown on the table, most of the large firms (one employees and over) are situated in the Littoral region.

Table 1: Number of firms by size and region

	2006					2009				
	Region					Region				
No. of workers	Littoral	Centre	West	Total	Percent	Littoral	Centre	West	Total	Percent
Small (<20)	87	18	5	110	45	123	48	23	194	44
Medium (20-99)	68	9	5	82	33	97	47	13	157	36
Large (Over 100)	48	4	3	55	22	58	21	8	87	20
Total	203	31	13	247		278	116	44	438	
Percent	82	13	5		100	64	26	10		100

Source: Enterprise surveys in Cameroon, World Bank, 2010

Table 2 show the number of firms that are included in the analyses. The data cover some of the major two-digit manufacturing industries according to the International Standard Industrial Classification (ISIC). The distribution of family firms in broad ISIC industry divisions is done and is devoted to the panel sample for 2006 and 2009 of which both family and nonfamily firms are almost equally distributed. For this analysis some industries like Textiles and garments are combined based on similarities in the type of activity and factor intensity to achieve a large number of observations. Generally, family firms are more prevalent in textiles and garments, retail and wholesale trade, hotels and other manufacturing activities. Many family firms can also be found in chemical and pharmaceuticals, construction and transport. The group “other Manufacturing” is a residual category that includes all firms that are outside the major industry groups.

Table 2: Number and Percent of Family and Nonfamily Firms by ISIC Division (panel sample)

Sector	Family firms	Nonfamily firms	% of Family firms in Sector	Total
Food	19	42	31	61
Textiles and Garments	12	5	71	17
Retail and Wholesale trade	102	50	67	152
Chemicals and Pharmaceuticals	4	11	27	15
Non metallic and plastic materials	1	7	13	8
Metallic and machinery products	4	14	22	18
Construction, transport and others	7	7	50	14
Hotels	29	8	78	37
Other manufacturing	34	80	30	114
Electronics	2	0	100	2
Other services	48	49	49	97
Total	262	273	95.9	535

Source: Authors calculation

Table 3 reports the descriptive statistics for the main variables for our sample broken down by ownership type (family and non family firms) and by management regime (owner management,

outside management). It displays means of different measures of variables for production and productivity models.

In this paper information on ownership (whether the firm is family-owned or not) and on owner-management is based on response to specific question on ownership and management included in the survey⁷. It reports average values of a number of variables for the two waves of the survey, 2006-2009 among the others TFP estimated with Levinsohn and Petrin approach referred to as TFP_LP as well as with the fixed effect and pooled ordinary least square (OLS) regression methods, designated as TFP_FE or TFP_OLS⁸ (where value added which is difference between the firm's value of output (sales) and the sum of its expenses on raw materials, energy and electricity (i.e. intermediary inputs) is regressed on capital and labour).

The TFP and the distribution of our sample are reported on the basis of some firm characteristics, such as the export status of a firm, access to credit and some business environment obstacles such as tax rates and tax administration and competition between these firms and those in the informal sector. Business environment obstacles coded from 0 to 4 indicating that a particular variable is not an obstacle; minor obstacle; moderate obstacle, major obstacle and lastly severe obstacle to the current operation of a firm can also have an influence on firm performance. On average tax administration, access to finance and competition faced from informal firms stand close to 3 for all firms meaning these variables were considered as moderate barriers to most of the firms.

⁷ We define family firms as those controlled or owned by an individual or a family. Our information on owner-management is based on response to the following question: "Which of the following best describes the largest owner's involvement in decision making in this firms"?. If the response is that: Makes most decisions on his/her own, then we consider it as owner-managed, or outside management if the following are the responses: (1) Makes decisions in consultation with other owners? (2) Delegates most decisions to other partners' owners? (3) Has appointed a manager(s) who make decision (4) A board of directors or committee makes the decision.

⁸ See Methodology for details.

Table 3: Firms' characteristics by ownership and management type (Mean values)

Variable	Ownership		Management regime	
	Family Firms	Non family Firms	Owner managed family firms	External management in family firms
Log Value added/output	17.34	19.34	17.19	19.23
Log TFP_LP	14.22	15.31	14.28	14.16
Log TFP_FE	-1.7	0.72	-1.58	-1.95
Log TFP_OLS	-0.28	0.11	-0.26	-0.28
Log Capital	14.41	16.89	14.72	16.16
Log Labour/employment	2.31	3.78	2.53	3.44
Firm size	1.42	2.05	1.46	1.35
Age of firm	14.31	19.3	15.2	17.6
Export status indicating the degree of openness or outward orientation of the firm	0.021	0.124	0.018	0.098
Access to credit line	0.21	0.52	0.21	0.44
Business environment obstacle: tax administration	2.72	2.96	2.82	2.86
Business environment obstacle: tax rates	2.33	2.78	2.28	2.69
Business environment obstacle: competition from informal sector	2.98	2.57	3.04	2.66

Source: Authors calculation

Finally, observing from Table 3, it is evident that non family firms have barely existed for long, 17 years compared to 14 years for family firms and latter are mostly small firms or medium sized firms. Firm size is defined according to the number of workers: small, medium and large assuming the value of 1, 2 and 3 respectively. Family firms have lower exporting capacity (2%) of sales compared to 12% for non family. As concerns management and control of firms, generally, family members or major shareholders are heavily involved in family firms than those of non family firms which are mostly managed externally. As concerns the key conventional input variables of labour and capital that affects firm level output, it is observed that non family firms employed more labour and invest more in capital compared to family owned and managed firms. We do not find relevant differences in the distribution of firms according to the TFP. However, the OLS and fixed-effects estimates differ quite substantially from the Levinsohn and Petrin estimates where family farms in both management regimes experienced negative productivity as opposed to non family firms. Nevertheless, all estimates are positive based on the Levinsohn and Petrin method. The TFP estimates based on fixed-effects regression and Petrin and Levinsohn method are highly correlated (correlation of 0.83) just like the TFP_OLS and

TFP_LP (0.84) but the correlation between TFP_OLS and TFP_FE is lower (0.42). Gatti and Love (2008) use the same methodology obtained a correlation of 0.94 between the pooled OLS estimate and the TFP_LP.

4. Estimation Strategy and Results

The main aim of this paper is to investigate the productivity performance of family firms versus non-family firms. We estimate firm productivity from the production based on the firm data from 2006–2009 periods, and later determine their correlates distinguishing between family-owned and family managed firms. Lastly, since TFP growth is argued to be the main determinant of economic growth and poverty reduction, we shall relate firm productivity performance to the positive perceptions of those involved in business activities. The latter objective is achieved by a mixed of quantitative estimates of TFP and the qualitative evidence on positive perceptions.

However, both quantitative and qualitative methods have their strengths and their weaknesses. For example, quantitative research brings the strengths of conceptualizing variables, profiling dimensions, tracing trends and relationships, formalizing comparisons and using large and perhaps representative samples. On the other hand, qualitative research brings the strengths of sensitivity to meaning and to context, local groundedness, the in-depth study of smaller samples, and great methodological flexibility which enhances the ability to study process and change. Considerations such as these imply that qualitative methods can be strong in those areas where quantitative methods are weak, and similarly that quantitative methods can be strong in those areas where qualitative methods are weak. Combining the two methods therefore offers the possibility of combining these two sets of strengths, and compensating for the weaknesses.

4.1 Production Function and Productivity Estimates

Productivity is typically defined as the ratio of output (i.e. production of goods and services in monetary terms) to input (labor and capital used in production). We measure total factor productivity (TFP) as the measure of firm productivity. Because TFP simultaneously accounts for both labor productivity and output contributions of non-labor inputs, it is considered to be an effective measure of production efficiency. Firm productivity is an unobservable firm characteristic. TFP is defined as output per unit of total input, where total input is a weighted sum of the individual inputs. Thus, TFP can be expressed as:

$$\gamma T = \frac{Y}{f(L, K)}, \dots \dots \dots (1)$$

Where γT denotes TFP, Y denotes output, $f(\cdot)$ denotes total input, L denotes labor input, and K denotes capital input. We assume a geometrically weighted sum of inputs, or that the sum of inputs is determined by the Cobb–Douglas production function, $f(L, K) = L^\alpha K^\beta$, where α and β are the output elasticities of labor and capital or their share in output, respectively. Substituting the Cobb–Douglas production function in Eq. (1) and rearranging the terms yields the following production function

$$Y = \gamma T L^\alpha K^\beta \dots \dots \dots (2)$$

The production function given by Eq. (2) can be linearized by taking logarithms and this gives the following:

$$\ln(Y) = \alpha \ln(L) + \beta \ln(K) + \ln(\gamma T) \dots \dots \dots (3)$$

From equation (3), we find that estimates of productivity can be determined as the difference between actual output and output estimated by a production function using actual output and input quantities. Thus, the productivity estimates can be obtained from a regression of the production function given as:

$$\ln Y_i = \delta + \alpha_l \ln L_i + \beta_k \ln K_i + \varepsilon_i \dots \dots \dots (4)$$

Where ε_i is the error term and the rest of the variables remain as defined previously. In this model, TFP, the estimated residual, is obtained as the difference between actual and predicted output, or $\hat{\varepsilon}_i = \ln Y_i - \ln \hat{Y}_i$. The simplest model can be estimated by pooled OLS or fixed effect regression. However, econometric issues arise. A key issue in the estimation of production functions is the correlation between unobservable productivity shocks and input levels. Profit-maximizing firms respond to positive productivity shocks by expanding output, which requires additional inputs. Negative shocks lead firms to pare back output, decreasing their input usage. When true, ordinary least squares (OLS) estimates of production functions are biased and, by implication, lead to biased estimates of productivity, often the relevant quantity

for the estimation question (Petrin, Poi and Levinsohn, 2004). Olley and Pakes (1996) (OP) developed an estimator that uses investment as a proxy for these unobservable shocks.

But Levinsohn and Petrin (2003) (LP) point to the evidence from firm-level datasets that suggest investment is very lumpy (that is, that there are substantial adjustments costs). If this is true, the investment proxy may not smoothly respond to the productivity shock, violating the consistency condition. LP shows the conditions under which intermediate inputs can also solve this simultaneity problem. Remarkably, in most applications, these inputs are not used beyond subtracting them from the gross-output number to get value added, so the approach comes at no additional cost in data or computation. LP discuss the theoretical benefits of extending the proxy choice set in this direction and provide substantial empirical evidence that these benefits are important (Petrin et al, 2004).

We start by using pooled OLS and or fixed-effects regression and later we use the approach proposed by Petrin and Levinsohn that addresses the simultaneity problem. We follow the Levinsohn and Petrin (2003) procedure to obtain alternative estimates of TFP using raw material inputs and expenditure on electricity as an intermediate input variable or proxy variables in LP model. To estimate the LP model, we need to have a panel with at least two years of data which best fits our data set.

The various regression estimates are presented in Table 4 and estimated with precision, with an R2 of about 0.7. While our OLS and fixed-effects estimates appear reasonable, they are likely to be biased because of potential correlation between input choices and the unobserved productivity shock as firms may alter their mix of inputs in response to a productivity shock. This implies that the error and the regressors in Equation (4) might be correlated and that coefficient estimates obtained might be biased. A number of solutions have been proposed in the literature to overcome this problem. These include using firm-level fixed effects, which would deal with time-invariant individual effects and instrumental variable strategies for input choices. As previously mentioned there are recent contributions by Olley and Pakes (1996) and Levinsohn

and Petrin (2003) of which the latter appear good as it presents practical difficulties of applying the OP method⁹.

Table 4: Estimates of total factor productivity

Variable	(1)	(2)	(3)	(4)	(5)
	OLS estimate	OLS estimate	Random-effect estimate	Fixed-effect estimate	LP estimate
Log Capital	0.226 (3.39)***	0.226 (3.45)***	0.238 (3.59)***	0.033 (0.24)	0.072 (0.25)
Log Labour/employment	1.06 (8.34)***	1.07 (8.61)***	0.997 (7.72)***	-0.449 (-0.97)	0.760 (4.51)***
Industry dummy	yes	no			
Year dummy	-0.067 (-0.26)	no			
Constant	11.22 (13.90)***	11.23 (14.10)***	11.31 (13.91)***	20.39	
Observations	118	118	118		
R^2	0.72	0.71	0.73		
<i>BPLM test p</i>			0.439		
Wald test of constant returns to scale, <i>p value</i>					0.635

Notes: Dependent variable is Value Added in all regressions. Capital is measured by fixed assets, employment is measured by number of workers; Models (1)–(2) are estimated by OLS, Model (3-4) is estimated by random and fixed-effects regression and model (5) by Levinsohn–Petrin (2003) method. Robust t statistics in brackets, *, ** and *** indicate significance at 10%, 5% and 1%, respectively.

In table 4, we compare parameter estimates from OLS, fixed-effects regression, and the LP estimator. We use the Breush and Pagan lagrange multiplier test to verify if a random effects model is appropriate, which tests the null hypothesis that there are no random effects. Listed in Table 4, with a p-value of about 0.44, we accept the null hypothesis and conclude there are no random effects. For the parameters on the freely variable inputs, labour, the OLS estimates exceed fixed-effects and the LP estimates, confirming both the theoretical and empirical results discussed in Levinsohn and Petrin (2003). OLS produces an estimate in the range of 1, while the LP method returns an estimate of about 0.7. Whether the OLS coefficient on capital will be biased upward or downward depends on the degree of correlation among the inputs and the productivity shocks. In this paper, the OLS estimate is greater than the LP estimate. The fixed-

⁹ The LP estimation is performed with a two-step procedure. The first stage can be estimated by OLS with the polynomial expansion of the function capturing unobservable shock, or by a non-parametric method. The second stage is estimated by the method of moments and is used to extract the coefficients on capital and materials. The errors are bootstrapped. The procedure is implemented in Stata, as ‘levpet’ command, which is described in Petrin, Poi and Levinsohn (2004).

effects estimates differ quite substantially from both the OLS and LP estimates. One explanation is that the magnitude of each firm’s productivity shock varies over time and is not a constant fixed effect (Petrin et al. 2004). As observed, the estimate on capital is insignificant in both fixed-effects and LP estimate. Finally, we also report the Wald test of constant returns to scale; it is simply a test that the sum of the coefficients equals one. In this case, the null hypothesis is accepted that there are constant returns to scale for the firms.

Thus, when estimating production functions, we must account for the correlation between input levels and productivity. Profit-maximizing firms respond to increases in productivity by increasing their usage of factor inputs. Methods that ignore this endogeneity, such as OLS and the fixed-effects estimator, will provide inconsistent estimates of the parameters of the production function. However, we should also note that some studies (e.g. Eslava *et al.*, 2004; Gatti and Love, 2008) highlighted that OLS and 2SLS TFP estimates do not differ substantially. This is in line with our findings, as our results are robust to using different TFP measures.

4.2 Ownership Structure and Productivity

An analysis of the relationship between firm ownership or management and firm productivity could simply be done based on a simple summary statistics comparing family and non family firms as indicated in Table 3. However, it does not, of course, allow us to isolate the possible effects on productivity of other covariates. In order to disentangle the effect of ownership and governance structure in terms of management from other factors on firm productivity, there is need to run an econometric analysis. To investigate whether family firms and those managed by a member of the owner family are more or less productive than family firms run by professional managers or non family owned firms, we estimate a TPF equation of the form:

$$\tau = \delta_0 + \delta_1 FAM_{it} + \sum_{i=1}^k \delta_i X_{it} + \sum_{j=1}^{n-1} \omega_j IND_{it} + YDUM + \varepsilon_{it} \dots \dots \dots (5)$$

where τ is the firm TFP (in logarithm) was estimated by using Levinsohn and Petrin approach, FAM is a binary variable taking the value one if the firm is run by a member of the owner family and or is a family firm and zero otherwise, X a vector of firm-level variables highlighted by previous literature as important drivers of TFP and IND a set of sector dummies, grouping firms according to sector of activity, and YDUM is a dummy variable indicating the fiscal year. Our parameter of interest is δ_1 , which measures whether firms managed by a member of the owner

family or a family owned firm are more or less productive than non-family-managed or non family owned firms.

Firms characteristics include: firm size (coded from 1 to 3 indicating number of employment size), firm's age, firms export status, and other variables that condition the business environment such as tax administration and tax rates, access to finance and competition with informal firms.

Business environment may also influence firm performance differently be it family or non-family. Collier (2000) argues that the poor business environment leads to misallocation of resources and high transactions costs in Africa, affecting particularly manufacturing firms. The business environment business environment, sometimes also referred to as the investment climate (e.g. Stern, 2002), is captured by measures such as access to credit, regulatory and institutional environment and infrastructure, etc. There are comparatively few papers (Dollar et al., 2005; Van Biesebroeck, 2005; Hallward-Dreimeier, 2006; Gatti and Love, 2008; Fernandes, 2008; Goedhuys et al., 2010) which focus on the relationship between the business environment and productivity. The idea that the business environment could impact on output and productivity is primarily based on the capacity of these factors to create incentives to invest. According to the 2009 World Bank enterprise survey practices of the informal sector, tax administration, access to finance and electricity are the most serious constraints to investment in Cameroon. It would be necessary to focus on African institutions and policies related to the business environment that could create low productivity. High-productivity firms will attract more resources and grow faster thereby generating more jobs.

Equation [5] is estimated by standard ordinary least squares and by instrumental variable regression. Econometric problems are associated with the OLS estimation. For instance, higher production efficiency of family firms may provide incentives for families to maintain their ownership and control and thus the analysis potentially suffers from an endogeneity problem. To address this issue, we estimate a two stage least square equation model in which the logs of family labour and family capital are used as instruments for the endogenous regressor (FAM) (see, e.g. Martikainen et al 2009).

Table 5: Ownership-management in family firms and productivity based on TFP_LP estimate

Dependent Variable	(1)	(2)	(3)	(4)	(5)	(6)
Estimation	OLS		IV	First stage	IV	First stage
Owner-managed		-0.473 (1.18)			-1.28 (1.65)*	
Family ownership	-0.553 (1.99)*		-0.458 (1.72)*			
Firm age	0.081 (3.34)***	0.088 (3.59)***	0.082 (3.57)***	-0.001 (0.42)	0.091 (3.85)***	0.007 (1.37)
Firm age squared	-0.001 (1.76)*	-0.001 (1.97)*	-0.001 (1.89)*	0.000 (0.64)	-0.001 (2.23)**	-0.0001 (1.60)
Export status	1.21 (2.72)**	1.3 (2.91)**	1.22 (2.92)**	-0.019 (0.71)	1.26 (2.94)**	0.019 (0.20)
Access to credit	0.667 (2.81)**	0.736 (3.11)***	0.688 (3.06)***	-0.015 (1.03)	0.641 (2.65)**	-0.045 (0.89)
Tax administration	-0.316 (2.56)**	-0.322 (2.57)**	-0.317 (2.72)**	0.006 (0.84)	-0.315 (2.61)**	0.023 (0.09)
Tax rates	0.265 (2.43)**	0.292 (2.66)**	0.200 (2.61)**	0.008 (1.29)	0.292 (2.76)**	0.021 (0.89)
Competition with informal firms	0.178 (2.21)**	0.164 (2.03)**	0.174 (2.29)**	-0.001 (0.15)	0.176 (2.24)**	0.0004 (0.03)
Year dummy	yes	yes	yes	yes	yes	yes
Year dummy	yes	yes	yes	yes	yes	yes
Family capital				0.074 (29.90)***		0.021 (1.94)**
Family labour				-0.040 (3.13)**		0.008 (0.20)
Constant	13.01 (24.06)**	12.77 (23.97)***		-0.018 (0.53)	12.78 (24.88)***	-0.140 (1.18)
Observations	113	113	113	113	113	113
R ²	0.52	0.50	0.51	0.97	0.53	0.48
Underidentification test (Anderson canon. corr. LM statistic, p-value)				0.000		0.000
<i>Overid., p-value</i>			0.795		0.688	

Notes: Anderson canonical correlations Likelihood Ratio test for underidentification checks the condition which must be satisfied by any set of admissible instruments, namely the "strength" of their correlation with the endogenous variables; *Overid P-value* is a *P*-value for the test of over-identifying restrictions. Robust t statistics in brackets, *, ** and *** indicate significance at 10%, 5% and 1%, respectively.

Table 5 above reports the empirical OLS and 2SLS estimates from the TFP equation on all the firms. The concern remains that the association between family ownership and productivity that is estimated by OLS might be biased by endogeneity or omitted unobservables. Families might decide to own and control their businesses if they find them becoming more productive and vice versa (which in our context would imply a bias to the coefficient on FAM as estimated with OLS). However, both estimates produce quite similar results. Nevertheless, our interpretations are based on the 2SLS regressions.

The two first stage regressions indicate that family inputs are good predictors of ownership structure and are thus good candidate instruments. This is also supported by the Anderson canonical correlations Likelihood Ratio test with p - values of 0.00. However, for the exclusion restriction to hold, the instruments should not affect productivity through channels other than family ownership or management. The test of over-identifying restrictions cannot reject the hypothesis of zero correlation between the instruments and the error in the main regression (P -value of 0.68 to 0.79).

Ownership characteristics- individual proprietor or family ownership remain our primary objective of this study. We aim to clarify the relationship between family firm and firm performance in Cameroon by classifying the family firms based on the characteristics of the management and ownership. Motivated by a lack of consensus in the current literature, the objective of this paper was to reveal whether family firms are more or less productive than non-family firms. Using dummy variable for family ownership or management, we found that family-owned and managed firms are, on average less productive than non-family firms or family firms managed by outsiders but when we control for firm size (results not reported) the coefficient on ownership structure became insignificant maintaining the negative signs. However, coefficient on firm size was not significant. The results do not change when we consider total factor productivity based on the fixed-effects regression. Similar studies that family firms are less productive than non-family firms are (Barth et al., 2005; Bosworth and Loundes, 2002; Lauterbach and Vaninsky, 1999; Wall, 1998).

Finally, regarding the control variables, Age and age squared have positive and negatively significant coefficients, an indication that young firms have higher productivity growth relative to old firms (see for instance, Ayyagari et al 2011).

In this study, we also examined the relationship between business environment obstacles and production efficiency level of firms. We find that the tax administration constitute bottlenecks in running businesses despite the fact that tax rates themselves do not represent a barrier to firm productivity. The availability of credit observed through access to finance would firms to increase the investments in modern capital, human capital of workers and technological innovation, thereby creating a positive impact on productivity. It is important to note that credit

is strongly and positively associated with productivity across firms. In particular, one might argue that exporters and firms in the formal sector that compete with informal firms both have higher know-how (and thus are more productive).

4.3 Linking Entrepreneurs' and youths' Perceptions to Productivity Performance

The ultimate goal of this section was to investigate managers' and youths' entrepreneurship perceptions and goals in entrepreneurial activities. Considering that entrepreneurship perception in family firm has not yet been given due research attention the study adopted an exploratory design that drew from secondary research data with the review of literature discussion with managers, students. A great deal of research has investigated the reasons for the creation of new enterprises and the entrepreneurial characteristics of those individuals responsible for the emergence of new firms. An important question is why some individuals decide to pursue entrepreneurial endeavours while others do not. Research has investigated the possible reasons behind this behaviour from the perspective of the individual themselves as well as economic and other factors in their environment (Acs, Audretsch and Evans, 1994; Hofstede, 2004; Maalu et al., 2010).

Recent work has also investigated the utility derived from choosing entrepreneurship over traditional career opportunities - it is argued that individuals will choose entrepreneurship as a career option if the utility derived from this choice exceeds the utility derived from formal employment (Eisenhauer, 1995; Douglas & Shepherd, 2000). While the utility derived from self-employment may exceed that derived from other career alternatives it is generally not a sufficient condition for an individual to engage in entrepreneurial behaviour. Rather, entrepreneurial behaviour has three necessary conditions, these being (i) the motive to pursue self-employment (or other entrepreneurial behaviour); (ii) the perception of an apparently lucrative entrepreneurial opportunity; and (iii) access to the means to pursue that opportunity. Without the simultaneous existence of these three pre-requisite conditions entrepreneurial behaviour will not eventuate.

In general, individuals desiring more income, more independence, and more net perquisites are more likely to want to engage in entrepreneurial behaviour. Likewise, an individual with a higher tolerance for risk and less aversion to work effort should be expected to be more likely to want to engage in entrepreneurial behaviour (Douglas & Shepherd, 2000). The decision to act

entrepreneurially has been argued to be related to the utility derived from self-employment (Eisenhauer, 1995) with individuals' with more positive entrepreneurial attitudes and stronger entrepreneurial abilities being more likely to attain higher levels of utility in self-employment than in employment (Douglas and Shepherd, 2000).

These ideas that we gather based on perceptions as regards the reasons and benefits of engaging in entrepreneurial activities are then linked or compared with productivity which we quantified from the secondary data. This underpinning stems from the fact that researches (Solow, 1957; Palia and Lichtenberg, 1999; Easterly and Levine, 2001) indicate productivity growth to be responsible for the growth in real per capita output of countries and at the firm level, Crew et al. (1971) argue that in the competitive environment, firm's long-run survival seems impossible without increasing productivity. Hence, if the youths as well as managers are positive about their perceptions in entrepreneurial activities, it represents a sign of success as a result of productivity growth. Likewise non-success is revealed in their negative perceptions.

4.3.1 Entrepreneurs' perceptions

The main interest of the explorative survey was to examine the perceptions of managers and youths with regard to entrepreneurship in family and non-family enterprises as well as the contributions of family and non-family firms to wealth creation and poverty alleviation. The various posts held by respondents have been presented in Table 6.1 according to the category of enterprises, and from the analysis they were dominated by managers/ entrepreneurs (55.8%) and more managers participated in non-family (28.2%) as compared to family firms.

Table 6- 1: Posts of respondents

Post of Respondents	Family		Non family		Total	
	Freq	%	Freq	%	Freq	%
Manager	43	27.6	44	28.2	87	55.8
Assistant	7	4.5	10	6.4	17	10.9
Supervisor	12	7.7	15	9.6	27	17.3
Branch manager	3	1.9	4	2.6	7	4.5
Human resources manager	6	3.8	2	1.3	8	5.1
Purchase officer	3	1.9	7	4.5	10	6.4
Total	74	47.4	82	52.6	156	100.0

Creators of enterprises were also explored in the survey and results shown in Table 6.2. According to the managers, majority of family firms are created by family members (17.9%), while partners (24.4%) and friends (11.5%) are responsible for the creation of non-family enterprises. Results showed the possibility of family firms transforming into non family institutions and vice versa, and suggesting that some firms were created as either family or non-family enterprises and their status later changed in the course of time.

Table 6- 2: Creators of enterprises

Creators	Family		Non family		Total	
	Freq	%	Freq	%	Freq	%
Parents	13	8.3	2	1.3	15	9.6
Family members	28	17.9	9	5.8	37	23.7
Friends	3	1.9	18	11.5	21	13.5
Partners	10	6.4	38	24.4	48	30.8
Village brothers/sisters	6	3.8	1	6.0	7	4.5
Others	14	9.0	14	9.0	28	17.9
Total	74	47.4	82	52.6	156	100.0

The motives for business creation were at the centre of interest in the survey and results shown in Table 6.3. Analysis of information isolated income generation as the strongest motives for business creation in family (14.8%) and non-family firms (16.4%), and this similarity was also visible with unemployment reduction for family (7.1%) and non-family firms (9.7%). A sharp contrast was observed with regard to provision of services to the population, as scores was higher for managers of non-family firms (8.4%) than family firm managers (5.2%). Also, a difference also appeared for family subsistence as a motive considering that family firm managers reported a higher score (10.3%) as compared to non-family firms (2.6%). Although poverty as factor scored low for both enterprises, the proceeding indicators are no doubt closely associated with poverty alleviation strategies and mechanisms.

Table 6- 3: Motives for business creation

Motivators	Family		Non family		Total	
	Freq	%	Freq	%	Freq	%
Unemployment reduction	11	7.1	15	9.7	16	16.8
Technology evolution	1	6	3	1.3	3	1.9
Business purpose	5	3.2	7	4.5	12	7.7
Income generation	23	14.8	45	16.1	48	31.0
Services to population	8	5.2	13	8.4	21	31.5
Poverty alleviation	6	3.9	8	5.2	14	9.0
Family subsistence	16	10.3	4	2.6	20	12.9
Economic development	3	1.9	7	4.5	10	6.5
Family legacy	1	6.0	0	0	1	6.0
Total	74	47.7	81	52.3	155	100.0

The officials responsible for the day-to-day running of the institution were also identified accordingly and presented on Table 6.4. A conspicuous difference was observed for both enterprises with regard to management personnel. While management of family enterprises was dominated by family members (23.7%), business partners (36.7%) played a prominent role in managing non family enterprises. In both enterprises ordinary employees (14.1%) also played key roles in enterprise management at the same level of involvement.

Table 6- 4: Management of enterprises

Managers	Family		Non family		Total	
	Freq	%	Freq	%	Freq	%
Family members	37	23.7	6	3.8	43	27.6
Friends	5	3.2	4	2.6	9	5.8
Business partners	12	7.7	45	28.8	36.5	57
Village brothers/sisters	02	1.3	0	0	02	1.3
Ordinary workers	11	7.1	11	7.1	22	14.1
Others	7	4.5	16	10.3	23	14.7
Total	74	47.4	82	52.6	156	100.0

A key interest of the study was to explore the role of family and non family enterprises in poverty reduction and results presented in Table 6.5. Managers of family enterprises perceived their institutions as making great contributions (22.7%) as compared to managers of non family firms (18.0%) who mostly considered their firm's contribution to poverty alleviation as appreciable (22.7%). But on the average, deviation is not great in the overall analysis considering that managers of both enterprises had favourable perceptions of their respective enterprises as essential factors in poverty alleviation.

Table 6- 5: Perception of non-family enterprise and poverty reduction

Contributions	Enterprise categories %		Total
	Family	Non family	
Great contributions	22.7	18.0	40.7
Appreciable	22.7	30.0	52.7
Moderate/reserved	0.7	3.3	4.0
Not encouraging	2.0	0.7	2.7
Total	48.0	52.0	100.0

Managers advanced strong motives for positive perceptions of family and non family enterprises in terms of poverty alleviation and results shown in Table 6.6. A very powerful indicator from participants of family (26.0%) and non family firms (26.7%) was their efforts to eradicate youth unemployment (52.7%). But with regard to income generation as a factor in positive perception there were differences in level of perception for family (4.8%) and non family firms (8.9%), despite their previous concern for income generation as a key factor in business motives.

Table 6- 6: Motives for positive perceptions

Motives	Enterprise categories %		Total
	Family	Non family	
Youth employment	26.0	26.7	52.7
Income generation	4.8	8.9	13.7
Training of youths	1.4	4.1	5.5
Service to population	5.5	4.8	10.3
Family subsistence	4.8	1.4	6.2
Economic development	3.4	4.1	7.5
Prices reduction	1.4	2.7	4.1
Total	47.3	52.7	100.0

Perceived motives that moderated the role of their enterprises as a core mechanism in poverty reduction alleviation have been presented in Table 6.7. A sharp contrast was unveiled as managers of family firms considered their workers as lazy (14.3%) as compared to managers of family firms (0.0%). Another factor for unfavorable perception was the fragility of firm structures and a higher score was observed for managers of non family firms (28.6%) as compared to those of non family firms (14.3%). While participants in non family firms identified low motivation (14.3%) as a discounting factor in poverty alleviation, participants in family enterprises singled out unmeritorious practices (14.3) and unfriendly practices (13.3) as prevailing factors requiring great attention.

Table 6- 7: Motives for negative perceptions

Motives	Enterprise categories %		Total
	Family	Non family	
Lazy workers	14.3	0.0	14.3
Fragile structures	14.3	28.6	42.9
Low motivation	0.0	14.3	14.3
Unmeritorious practices	14.3	0.0	14.3
Consumer unfriendly	14.3	0.0	14.3
Total	57.1	42.9	100.0

Good management of firms constitutes a powerful determinant of enterprise success and management perceptions of family and non family firms were explored and results shown in Table 6.8. Managers in both categories perceived management styles as appreciable and this was evidenced by scores for family (29.3%) and non family firms (38.3%). At the same time some participants indicated negative perception of management styles in family and non family enterprises (See Table 6.8), with demotivating (25%) and catastrophic practices (33.3%) prominent in family and non-family enterprises respectively.

Table 6- 8: Perception of enterprise management (n=133)

Perceptions	Firm categories %		Total
	Family	Non family	
Competent	0.8	1.5	2.3
Appreciable	29.3	38.3	67.7
Moderate	1.5	2.3	3.8
Good management	2.3	3.8	6.0
Encouraging	10.5	9.8	20.3
	44.4	55.6	100.0
Unfavorable perceptions of management			
Stressful	8.3	0	8.3
Discouraging	25.0	8.3	33.3
Problematic	8.3	8.3	16.7
Catastrophic	8.3	33.3	41.7
	50.0	50.0	100.0

Managers also expressed reasons for perceiving management practices as favorably and shown in Table 6.9. Although good management practices was observed by both categories, the degree was a matter of concern since scores greatly varied as perceived with family (9.4%) and non family firm managers (28.3%). On almost the same range family (13.2%) and non family firm managers (15.1%) isolated growth of enterprises as a core variable in favorable perception of enterprises.

Table 6- 9: Positive perception motives (N=106)

	Firm categories %		Total
	Family	Non family	
Good practices	2.8	1.9	4.7
Client satisfaction	5.7	4.7	10.4
Growth of enterprise	13.2	15.1	28.3
Hard working staff	4.7	2.8	7.5
good management	9.4	28.3	37.7
Competent workers	7.5	3.8	11.3
	43.4	56.6	100.0

Management problems faced by both categories of enterprise were explored and presented in Table 6.10. The problem of finance was identified but with a higher degree in non family enterprises (17.1%) than family firms (7.0%). Embezzlement also constituted a management problem but with more prominence in non family firms as compared to family enterprises (0.8%). The management problem of incompetent workers was also projected; but this gained prominence with non family firm managers (7.0%) as compared to family firm managers (3.9%). Taxes also constituted a great threat to effective management of the enterprise and this was remarkable with managers of family enterprises (7.0%) than managers of non family firms (1.6%). Both categories witnessed a similarity with regard to human resources challenges where both firms scored 20.9 % each with regard to challenges facing management operations.

Table 6- 10: Management problems faced by enterprises n=129

Management problems	Firm categories		Total
	Family	Non family	
Capital/finance	7.0	17.1	24.0
Embezzlement	0.8	3.9	4.7
HRM challenges	10.9	10.9	21.7
Communication problems	0.8	2.3	3.1
Incompetent workers	3.9	7.0	10.9
Poor discipline	0.8	0.0	0.8
Jealousy among staff	0.0	1.6	1.6
Tension/frustration	2.3	4.7	7.0
Unpaid salary	0.8	1.6	2.3
Loses/deficits	3.1	1.6	4.7
Loss of customers	1.6	0.8	2.3
Borrowing by customers	0.8	3.9	4.7
Personal interest	0.8	0.8	1.6
ICT problems	1.6	0.8	2.3
Taxes	7.0	1.6	8.5
	41.9	58.1	100.0%

The role played by young people in the various enterprises and motives for the involvement has been presented in Table 6.11. Both managers of family (18.4%) and non family enterprises (17.6%) acknowledged that young people played a role in work assistance in their enterprises. With regard to involvement as trainees, a sharp contrast was noticed for non family (16.0%) and family firms (8.8%) since the later considered their enterprises as a training ground for young people. At the same time, some similarities were observed for family (11.2%) and non family enterprises (11.2%) with regard to upgrading skills and qualifying young people for the emerging challenges of the labor market and sustainable livelihood.

Table 6- 11: Youth involvement in enterprises (n=125)

	Firm categories		Total
	Family	Non family	
Training youths	8.8	16.0	24.8
Work assistance	18.4	17.6	36.0
Facilitate enterprise creation	3.2	4.8	8.0
Skills assessment	4.8	4.0	8.8
Qualify youths	11.2	11.2	22.4
	46.4	53.6	100.0

The categories of young people being trained by the enterprises have been presented in Table 6.12. Analysis of beneficiaries observed a sharp contrast since managers of family firms (24.1%) as compared to and non family firms (2.8%) isolated family members as the greatest beneficiaries of the training. Differences also appeared with apprentices where a higher score was observed for managers of non family firms (13.0%) as compared to those of family firms (3.7%). A high degree of similarities was recorded for both categories considering that managers of family firms (15.7%) and non family enterprises (18.5%) advanced that any interested young person was being given the opportunity to benefit from training in their enterprises.

Table 6- 12: Beneficiaries of training

Beneficiaries	Family		Non family		Total	
	Freq	%	Freq	%	Freq	%
Family members	26	24.1	3	2.8	29	26.9
Interns	1	0.9	4	3.7	5	4.6
Students' holiday job	1	0.9	1	0.9	2	9.1
Any interested youth	17	15.7	20	18.5	34.3	37
graduates	4	3.7	8	7.4	12	44.1
Apprentices	4	3.7	14	13.0	18	16.7
Village members	1	0.9	4	3.7	5	4.6
Total	54	50.0	54	50.0	108	100.0

Managers advanced motives for satisfaction with their respective enterprises and results have been presented in Table 6.13. With regard to satisfaction in terms of wealth creation, enterprise growth was isolated as a source of satisfaction at almost the same range by managers of family (11.4%) and non family firm (10.5%). Satisfaction was also derived through benefits of services to community, although this was more prevalent with managers of non family firms (10.5%) as compared to family firms (7.6%). The realization of enterprise projects (13.3%) was also identified but this was more favorably scored by non family firm managers (9.5%) than managers of family enterprises (3.8%).

Table 6- 13: Indicators for satisfaction (n=105)

Indicators	Firm categories %		Total
	Family	Non family	
Family income	3.8	3.8	7.6
Wealth creation	2.9	4.8	7.6
Family assistance	3.8	2.9	6.7
Projects' realization	3.8	9.5	13.3
Economic development	1.9	2.9	4.8
Enterprise growth	11.4	10.5	21.9
Community benefits	7.6	10.5	18.1
Reduction of unemployment	1.9	1.9	3.8
Average 50/50	1.9	1.0	2.9
Subsistence	2.9	3.8	6.7
Achieve set goals	1.9	2.9	4.8
Salary paid	1.9	0.0	1.9
	45.7	54.3	100.0

Participants also expressed their sources of dissatisfaction with regard to their respective enterprises and results presented in Table 6.14. The greatest source of dissatisfaction stemmed from lack of capital/finance and a sharp contrast was observed for managers of family (25.0%) as compared to those of non family firms (12.5%). Too many taxes also appeared as a source of dissatisfaction, but this was projected more by managers of family firms (12.5%) than non family firms (6.3%). While managers of non family firms (9.4%) complained of small salary, no voice was heard from the managers of family firms; but concerning customer complains as a source of dissatisfaction, managers of non family firms recorded a higher score (9.4%) as compared to those of family firms (3.1%).

Table 6- 14: Motives for non-satisfaction with income (N=32)

Motives	Firm categories		Total
	Family	Non family	
Customer complains	3.1	9.4	12.5
Lack of capital/finance	25.0	12.5	37.5
Too much taxes	12.5	6.3	18.8
Archaic methods of operation	6.3	3.1	9.4
Small salary	0.0	9.4	9.4
Unpaid salary	3.1	6.3	9.4
Poor results	3.1	0.0	3.1
	53.1	46.9	100.0

Although the managers of the enterprises were satisfied to an extent, they also expressed dissatisfaction at certain instances and highlighted major difficulties faced by their institutions, presented in Table 6.15. While high taxes (40.1%) appeared as the major difficulty faced the enterprises, a remarkable difference was noticed with a higher score for managers of family firms (26.1%) than non family firms (14.1%). The issue of poor capital base (19.0%) appeared as a great concern but this was more prevalent with managers of non family firm (14.1%) than those of family enterprises (4.9%). Difficulties such as employee disputes, frauds/embezzlement, skill deficits, labor turnover and personal interest also projected themselves more through managers of non family enterprises than family enterprises.

Table 6- 15: Major difficulties of enterprises (N=142)

Difficulties	Enterprise categories		Total
	Family	Non family	
Few customers	4.9	2.8	7.7
High taxes	26.1	14.1	40.1
Employee disputes	0.0	4.2	4.2
Frauds/embezzlement	0.0	5.6	5.6
Skill deficits	0.7	2.1	2.8
Competition	0.7	1.4	2.1
Credit risk	0.0	1.4	1.4
High labor turn over	1.4	2.8	4.2
Poor mindsets/mentality	0.7	0.0	0.7
Lack of experts	2.1	0.7	2.8
Poor communication	2.1	1.4	3.5
Poor capital base	4.9	14.1	19.0
Personal interest	0.0	0.7	0.7
Unpaid salary	0.7	1.4	2.1
Insecurity	1.4	0.0	1.4
Mismanagement	0.0	1.4	1.4
	45.8	54.2	100.0

As a response to difficulties experienced by both categories of enterprise, managers highlighted some suggestions, which could facilitate the progress of their enterprises and results presented in Table 6.16. The primary quest of the managers was reduction in taxes (28.0%) and this varied higher score for managers of family firms (16.9%) as compared to non family firm managers (12.0%). Training/education also appeared as a pathway to enterprises growth and sustainability, but with minimal differences as reported for family (9.9%) and non family firm managers (8.5%). Government assistance (7.7%) and subvention (6.3%) were projected by non family firm managers as compared to (6.3%) and (3.5) for family firm managers respectively.

Table 6- 16: Perspectives with regard to enterprise difficulties (N=142)

	Firm categories %		Total
	Family	Non family	
Reduce taxes	16.9	12.0	28.0
Credit facilities	2.1	2.8	4.9
Government assistance	6.3	7.7	14.1
Train/educate workers	9.9	8.5	18.3
Change mentalities/mindsets	1.4	6.3	7.7
Reduction of process	2.1	2.8	4.9
Subvention	3.5	6.3	9.9
Educate public	1.4	1.4	2.8
Motivate workers	1.4	2.1	3.5
Ensure security of workers	1.4	0.0	1.4
Good management	0.0	3.5	3.5
Total	46.5	53.5	100.0

4.3.2 Youth/students' perceptions

This study also explored the perceptions of students with respect to family and non family enterprises and the results have been analyzed according to students' enterprise preferences with regard to professional or work activities and presented in table 6.17. Poverty alleviation commenced with information on young people's relations who own businesses. Majority of participants reported their relations own businesses and there was a great difference for those having non family enterprises preference (31.5%) as compared to participants with family firm preference (10%). Another contrast was observed with participants whose parents own business, which showed a wide gap for participants with interest in non family firms (17.0) as compared to those with preference for family firms (9.3%). With regard to friends who own business, a conspicuous difference was also observed for those who were interested in working with non family (22.1%) as compared to family firms (4.9%).

Table 6- 17: Relations owning business per enterprise preference n=429

Relations	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Parents	40	9.3	73	17.0	113	26.3
Relatives	43	10	135	31.5	178	41.5
Friends	21	4.9	95	22.1	116	27.0
Others	4	9.0	18	4.2	22	5.1
Total	108	25.2	321	74.8	429	100.0

The study explored young people’s perceived motives for enterprise creation according to the preferences for family and non family firms and results presented in Table 6.18. Although resources mobilization (35.0 %) appeared as a key motive for firm creation there was a remarkable difference between participants who preferred operation in non family firms (25.3%) as compared to those with interest in family firms (9.7%). Though employment creation was also perceived by both categories as a factor in enterprise creation a remarkable difference appeared between participants in non family enterprises (2.9%) as compared to those in family enterprises (2.9%). This was also the case for perceived profit making that reported a higher score for non family as compared to family firms.

Table 6- 18: Perceived motives for business creation per enterprise preference n=411

Motives	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Family values	5	1.2	4	1.0	9	2.2
Family solidarity	4	1.0	12	2.9	16	3.9
Business motives	3	7.0	14	3.4	17	4.1
Dreams actualized	5	1.2	8	1.9	13	3.2
Resources mobilization	40	9.7	104	25.3	114	35.0
Wealth creation	13	3.2	27	6.6	40	9.7
Employment creation	12	2.9	43	10.5	55	13.4
Capital availability	2	0.5	3	0.7	5	1.2
Future security	3	0.7	3	0.7	6	1.5
Profit	7	1.7	39	9.5	46	11.2
Development	4	1.0	7	1.7	11	2.7
Total	106	25.8	305	74.2	411	100.0

Perceptions of family firm operations by young people were analysed according to enterprises preferences of participants and presented in Table 6.19. Although the perception of family firm operations were generally perceived as appreciable, differences occurred with participants with interest in non family firms (32.3%) as compared to family firm preference (13.2%). Participants also perceived family firms as discouraging and a higher score observed for participants with

preference for non family firms (24.1%) than family enterprises (3.5%). Perception of family firm as highly motivating reported little variation in scores as indicated by participants with preference for family enterprises (6.1%) and non family firms (7.5%).

Table 6- 19: Perception of non-family firms per enterprise preference n=416

Perception	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Highly motivating	24	5.8	93	22.4	117	28.1
Appreciable	51	12.3	181	43.5	232	55.8
Moderate/reserved	12	2.9	16	3.8	28	6.7
Discouraging	18	4.3	20	4.8	38	9.1
Problematic	0	0	0	0	0	0
Catastrophic	0	0	1	2	1	2
Total	105	25.2	311	74.8	416	100.0

Motives for positive perceptions were also explored and indicators shown in Table 6.20. According to analysis the perception of non family firm as a source of family income (33.2%) was reported as a core factor in favourable perception and this was projected more by students with preference for non family firms (21.0%) than those with family firm preference (12.2%). Also, analysis of job creation as another determinant of positive perception revealed a conspicuous difference for non family (15.6%) and family firms (12.2%). The same orientation for differential analysis applied to family solidarity (15.6%) and family legacy (14.1%).

Table 6- 20: Motives for positive perception per enterprise preference n=262

Motives	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Create jobs	13	5.0	41	15.6	54	20.6
Family legacy	6	2.3	31	11.8	37	14.1
Source of training	5	1.9	4	1.5	9	3.4
Source of family income	32	12.2	55	21.0	87	33.2
Poverty alleviation	7	2.7	11	4.2	18	6.9
Solving family problems	3	1.1	6	2.3	9	3.4
Family solidarity	12	4.6	29	11.1	41	15.6
Facilitate internship	2	0.8	1	4.0	3	1.1
Personal ambition	2	0.8	0	0	2	0.8
Effective control	2	0.8	0	0	2	0.8
Total	84	32.1	178	67.9	262	100.0

The perception of non-family firms by young people was analysed according to their preferences for family and non family firms and presented in Table 6.21. Although there were differences in

levels of perception for family (12.3%) and non family preferences (43.5%) they perceived non family firms as appreciable. Both categories equally considered the firm as highly motivating despite differences for family (5.8%) and non family enterprises preferences (22.4%). On the average both categories of students indicated a favourable perception of non family enterprises with regard to business operations and poverty alleviation.

Table 6- 21: Perception of non-family firms per enterprise preference n=416

Perception	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Highly motivating	24	5.8	93	22.4	117	28.1
Appreciable	51	12.3	181	43.5	232	55.8
Moderate/reserved	12	2.9	16	3.8	28	6.7
Discouraging	18	4.3	20	4.8	38	9.1
Problematic	0	0	0	0	0	0
Catastrophic	0	0	1	2	1	2
Total	105	25.2	311	74.8	416	100.0

Motives for favourable perceptions were investigated according to young people's firm preferences as presented in Table 6.22. The greatest source of favourable perception was reported in terms of minimal discrimination (19.1%) but this appeared strongly for student having non family firm preferences (13.7%) than family firms (5.4%). Career opportunities also appeared strongly from the participants, but at different degrees considering scores for family (2.6%) and non family firm preference (16.0%). Quality of workers and poverty alleviation also followed the same orientation with regard to preferences for the categories of enterprises.

Table 6- 22: Motives for positive perception of non family firm per firm preference n=350

Motives	Enterprises categories				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
High involvement	4	1.1	22	6.3	26	7.4
quality workers	10	2.9	45	12.9	55	15.7
Strict discipline	4	1.1	11	3.1	15	4.3
Efficiency	9	2.6	37	10.6	46	13.1
Minimal discrimination	19	5.4	48	13.7	67	19.1
Career opportunities	9	2.6	47	13.4	56	16.0
Payment of workers	2	0.6	6	1.7	8	2.3
Meritorious values	1	0.3	17	1.7	18	5.1
Selective	2	0.6	1	0.3	3	0.9
Poverty alleviation	11	3.1	27	7.7	38	10.9
No retrenchment	0	0	2	0.6	2	0.6
Wealth creation	5	1.4	11	3.1	16	4.6
Total	76	21.7	274	78.3	350	100.0

Some participants expressed unfavorable perceptions towards non family enterprises and results presented in Table 6.23. Non family firms were observed as being too selective (29.5%) by both categories and this was reported more by participants with family firm preferences (17.2%) than non family firms (12.1%). Lack of trust was also advanced as a discounting factor and expressed more by participants with non family preferences (13.8%) as compared to those with interest in family firms. This was the same with embezzlement of enterprise funds that was highly reported by participants with preference for non family firms (12.1%). Both categories identified the probability of non family firms collapsing as a factor moderating a highly favorable perception of family enterprises.

Table 6- 23: Motives for negative perception on non family firm per preference n=58

Motives	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Irregular salary	2	3.4	0	0	2	3.4
Embezzlement	1	1.7	7	12.1	8	13.8
Lack of trust	2	3.4	8	13.8	10	17.2
High probability of collapse	3	5.2	3	5.2	6	10.3
Too much selectivity	10	17.2	7	12.1	17	29.3
Employee exploitation	3	5.2	2	3.4	5	8.6
Retrenchment	0	0	1	1.7	1	1.7
Individual profits	3	5.2	1	1.7	4	6.9
Mismanagement	2	3.4	3	5.2	5	8.6
Total	26	44.8	32	55.2	58	100.0

The contributions of SMEs to national development were also the object of the present study and the opinions of young people were sampled and presented in Table 6.24. Although youth employment was observed as the greatest contribution (32.0%), this was strongly indicated by participants with non family preference (25.6%) than their counterparts of family firms (6.3%). Also, economic development was advanced as another contribution but a higher score was registered from participants with interest in non family firms (28.7%) than family firms (9.9%). This was also the case with job creation for the two categories of respondents.

Table 6- 24: SMEs’ contributions to development per firm preference n=394

Contributions	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Job creation	12	3.0	33	8.4	45	11.4
Economic growth	39	9.9	74	18.8	113	28.7
Youth employment	25	6.3	101	25.6	126	32.0
Taxes	8	2.0	23	5.8	31	7.9
Enterprise creation	6	1.5	20	5.1	26	6.6
Poverty alleviation	5	1.3	26	6.6	31	7.9
Income generation	6	1.5	11	2.8	17	4.3
Promotion of hard work	2	0.5	3	0.8	5	1.3
Total	103	26.1	291	73.9	394	100.0

The contribution of SMEs to poverty alleviation was also examined and results presented in Table 6.25. Among the factors that are incidental to poverty alleviation youth employment was isolated but a sharp difference was observed between family (11.6%) and non family preferences (30.3%). Income generation was also projected as a core factor in poverty alleviation but the tendency for family (6.8%) and non family (21.1%) firms showed a wide difference. The creation of job opportunities as a factor in poverty alleviation was singled out but the wide gap for family (1.8%) and non family preference was evidenced by the analysis.

Table 6- 25: SMEs’ contributions to poverty alleviation per firm preference n=380

Contributions	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Create job opportunities	7	1.8	43	11.3	50	13.2
economic development	7	1.8	30	7.9	37	9.7
Youth employment	44	11.6	115	30.3	159	41.8
Loans affordable	2	0.5	3	0.8	5	1.8
Promotes business spirit	2	0.5	6	1.6	8	2.1
Increase national resources	1	0.3	4	1.1	5	1.3
Enterprise creation	2	0.5	8	2.1	10	2.6
Income generation	26	6.8	80	21.1	106	27.9
Total	91	23.9	289	76.1	380	100.0

Management practices are key factors in the success or failure of family enterprises and this was explored by the study and presented in Table 6.26. Mismanagement was perceived as the greatest facto in family management and this was more highlighted by participants with non family firm preference (5.0%) than family firms (16.0%). Family problem solving mechanism, lack of

seriousness and discriminatory practices were closely associated with family firm management and strongly advanced by participants with non family firm preferences.

Table 6- 26: Negative perception of family firm management (motives)

Perceptions	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Non respect of rules	2	0.7	5	1.8	7	2.5
No seriousness	4	1.4	41	14.5	45	16.0
Preference for family workers	8	2.8	29	10.3	37	13.1
Family problem solving	13	4.6	33	11.7	46	16.3
Exploitation of non family workers	1	0.4	6	2.1	7	2.5
Discrimination prevalent	11	3.9	27	9.6	38	13.5
Poor skill base	0	0	12	4.3	12	4.3
Mismanagement	14	5.0	45	16.0	59	20.9
Exploitation of family members	2	0.7	4	1.4	6	2.1
Embezzlement	0	0	5	1.8	5	1.8
Non qualified workers	3	1.1	17	6.0	20	7.1
Total	58	20.6	224	79.4	282	100.0

Self-employment has been considered as a factor in poverty alleviation and economic development and participants' opinions were sampled and presented in Table 6.27. The following indicators were advanced to support their positive views and self-independence was considered as a strong factor, although the difference was clear between family (14.2%) and non family firms preferences (32.0%). Skills development and income generation also appeared strongly as motives for positive perception.

Table 6- 27: Favorable perceptions of self-employment n=338

Favorable perceptions	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%	Freq	%
Skills development	11	3.3	44	13.0	55	16.3
Promotion of creativity	4	1.2	14	4.1	18	5.3
Personal growth	7	2.1	24	7.1	31	9.2
Create employment	6	1.8	28	8.3	34	10.1
Income generation	9	2.7	35	10.4	44	13.0
Self-independence	48	14.2	108	32.0	156	46.2
Total	85	25.1	253	74.9	338	100.0

Participants also expressed unfavorable views with regard to self-employment as a mechanism in poverty alleviation and economic development and results presented in Table 6.28. According to results, financial problems and risks appeared as the greatest obstacles to young people and this was advanced strongly by family firm preferences than non family firms.

Table 6- 28: Unfavorable perceptions of self-employment

Favorable perceptions	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%		
Risky	4	6.5	15	24.2	19	30.6
Financial problems	6	9.7	20	32.3	26	41.9
Low skill base	2	3.2	1	1.6	3	4.8
Lack of initiatives	1	1.6	0	0	1	1.6
Lack of support	2	3.2	4	6.5	6	9.7
Lack of motivation	2	3.2	4	6.5	6	9.7
High taxes	0	0	1	1	1.6	1.6
Total	17	27.4	45	72.6	62	100.0

Although business creation by young people has been perceived as a way forward towards sustainable employability, social and economic inclusion of university graduates, participants identified some indicators that could possibly block entrepreneurial ventures as presented in Table 6.29. Most participants identified problems of financial capital (66.8%) as a principal moderator of youth entrepreneurship although the difference was clear for family (17.4%) and non family preference (49.4%). Also, taxes were projected as unfriendly indicators to business creation by young people, and this was at different degrees for both categories as observed with family (3.6%) and non family preferences (10.9%). In terms of poor perception by relations and perceived mismanagement by workers the differences between both categories of enterprise were not conspicuous.

Table 6- 29: Difficulties of business creation by young people n=413

Difficulties	Enterprises category				Total	
	Family		Non family			
	freq	%	Freq	%		
Taxes	15	3.6	45	10.9	60	14.5
Financial capital	72	17.4	204	49.4	276	66.8
Lack of experience	8	1.9	15	3.6	23	5.6
Administrative problems	5	1.2	14	3.4	19	4.6
Government policy	0	0	3	0.7	3	0.7
Incompetent collaborators	0	0	10	2.4	10	2.4
Poor perception by relations	3	0.7	6	1.5	9	2.2
Mismanagement by workers	2	0.5	5	1.2	7	1.7
Fear of failure	0	0	2	0.5	2	0.5
Lack of professional skills	0	0	4	1.0	4	1.0
Total	105	25.4	308	74.6	413	100.0

In response to the business creation difficulties highlighted in the foregoing section, the study examined possible way forwards with regard to successful business creation and management and the perspectives of the young people have been presented in Table 6.30. Financial assistance

was advanced as a primary need for venture creation and appeared highest for both categories, although different for participants with interest in family (11.3%) and non family enterprises (31.5%). Advocacy for a friendly tax policy was also expressed by young people and this was reported more by non family firm preference (10.6%) as compared to family firm preference (3.86%). The need for loan opportunities and Government assistance to young people was also expressed participants, and as the previous suggestions, scores were higher for participants with preference for family than non family firms.

Table 6- 30: Participants’ perspectives for business creation n=397

Perspectives	Enterprises category				Total	
	Family		Non family			
	Freq	%	Freq	%		
Training	8	2.0	26	6.5	34	8.6
Government assistance	8	2.0	32	8.1	40	10.1
Financial support	45	11.3	125	31.5	170	42.8
Positive attitudes	2	0.5	8	2.0	10	2.5
Loan opportunities	15	3.5	33	8.3	48	12.1
Entrepreneurial spirit	1	0.3	10	2.5	11	2.8
Friendly tax policy	15	3.8	42	10.6	57	14.4
Low interest rate	4	1.0	13	3.3	17	4.3
Family assistance	2	0.5	3	0.8	5	1.3
Competent workers	1	0.3	4	1.0	5	1.3
Total	101	25.4	296	74.6	397	100.0

5. Conclusions and Recommendations

This study has made use of quantitative data from the World Bank enterprise survey and a self-exploratory survey which was collected using qualitative methods. The former contributes to the recent empirical literature on the effects of family ownership and management on firm productivity performance while the latter captures business perceptions on obstacles to enterprise growth. Precisely, the qualitative analysis focuses on the mechanism through which family ownership may potentially affect firm performance in terms of growth, employment, income generation and poverty reduction.

Specifically, we examine whether family ownership is related to differences in production technologies and/or in production efficiency of firms. This type of analysis may have important implications, as the role of productivity in firm performance is of fundamental importance. According to Solow (1957) and Palia and Lichtenberg (1999) and Easterly and Levine (2001) for instance, approximately 90% of the increase in real per capita output is attributable to the growth

of efficiency. By employing a mixed method of analyses, this paper provides a novel microeconomic analysis of a potentially fundamental reason for the documented differential of family firms and non family firms in terms of promoting growth and poverty reduction.

Despite numerous investigations into the effect of firm ownership on performance, very little analysis has focused specifically on the productivity of firms. The few studies tackled the issue fail, unfortunately, to estimate TFP and relied on productive efficiency of firms in terms of Solow's Total Factor Productivity. We estimated total factor productivity via a Cobb–Douglas production function while accounting for the correlation between input levels and productivity. Profit-maximizing firms respond to increases in productivity by increasing their usage of factor inputs. Methods that ignore this endogeneity, such as OLS and the fixed-effects estimator, will provide inconsistent estimates of the parameters of the production function.

Using TFP as a measure of firm performance, the study compares the influence of family ownership and management regime relative to firms run by outside managers and non family owned firms. The analysis allows us to show the main features of the corporate governance model of Cameroonian firms, a large proportion of which are family owned and family run. As concerns management and control of firms, generally, family members are heavily involved in family firms than those of non family firms which are mostly managed externally. As concerns the key conventional input variables of labour and capital that affects firm level output, it is observed that non family firms employed more labour and invest more in capital compared to family owned and managed firms. We do not find relevant differences in the distribution of firms according to the TFP.

It should be noted that the higher production efficiency of family firms may provide incentives for families to maintain their ownership and management, and thus our analysis may potentially suffers from an endogeneity problem. Using the two-staged least-squares technique, the econometric analysis shows that family firms and even those managed families are, on average less productive than family managed and non family owned firms after controlling for sector as well as other characteristics, such as age, export status, access to credit and some business environment obstacles (competition, tax rates and tax administration). We also find that the generally, TFP gap could occur as a result of differences in availability of credit opportunities

and ability to export suggesting that these factors contributes positively to productivity. Furthermore, younger firms are found to be more productive than old firms and whereas competition and tax rates do not deter productivity, bottlenecks in tax administration could seriously hamper firm efficiency.

Pertaining to the qualitative survey, participants advanced favorable perceptions of family and non family firms, implying their attitudes towards such enterprises. With emerging economic challenges in developing nations, small and young firms are being perceived as the engine of economic and social development, notwithstanding the management and performances issues associated with the growth of the enterprises. Results showed that there exists some similarities between family and non family firms, and at the same time some significant differences between the two have been unveiled with implications on productivity and performance.

One of the primary goals of the study was exploration of motives for family and non family firm creation. Participants expressed strong motives for the creation of family enterprises and income generation was isolated for both family and non family enterprises. This concurs with prior investigations and proposition (Smith, 1776; Schumpeter, 1934; Say, 1816), which isolated wealth creation as instrumental in family business formation that is expressed through enterprise creation (Gartner, 1985). Poverty is a ravaging factor with ensuing distress on the population and many attempts are made to respond to poverty at household and enterprise levels. Closely associated to poverty is the issue of subsistence and differential results were obtained indicating that family firms are more concerned with subsistence than non family firms. It has been evidenced that small scale enterprises play a great role in poverty alleviation and such enterprises have received a lot of policy attention in recent years from many governments. From the qualitative survey, we explored the role of family and non family enterprises in poverty reduction which yielded significant results, though managers of family enterprises highly appreciated its role in alleviating poverty. This implies that the more family enterprises are created, the more income increases and subsistence needs of beneficiaries satisfied by those connected with the business creation, either directly or indirectly. It should therefore be acknowledged that no matter the small scale nature of family enterprises and their location in the traditional sector, it should be understood that the little drops they make to the economy makes significant impact on the lives of those involved in the business.

Employability is a key issue in economic, social and political debates today, and this reflects a key interest of the study. Motives for family and non family firm creation appeared to respond to the emerging crisis of unemployment at all levels. Participants of family and non family firms perceived employment creation as very strong motives for enterprise creation since unemployment has long been at the root of economic and social malaise. This is consistent with the view supporting firm creation as a generator of employment in both developing and developed countries (Daniels, 1999; Lee, 2006; Khizra and Wasif, 2011; Ayyagari et al., 2011).

Because of the phenomenon of youth bulge, young people have recently been more than ever before placed at the centre of policy attention with regard to job creation and labor force participation. This builds on the premise that job creation will directly eradicate youth unemployment and poverty. In the qualitative analysis, job creation was strongly advanced by managers and young people as an up shoot of family and non family firm creation. With the squeeze in public service employment young people go creating petty enterprises and more that 80% family enterprises becomes the only source of employment; justifying the creation of family enterprises as an uncontestable source of employment for both young and old people.

One of the main issues of great concern to family and non family firm is that of management styles, which are in their respective capacities critical to workers' motivation, performance and productivity. Although managers of both firms generally perceived management styles as appreciable, managers of family enterprises perceived management styles of family enterprises as discouraging and stressful, as compared to non family firms. Prior observations (Fomba 2007; Tchankam, 2000) hold that management practices are dominated by ecological pressure and family values with strong dictate from social interest, and this indicates a clash between business and family cultural values. It implies that there are some customary beliefs and practices prevailing in the management of family firms that are regressive, and requires greater attention on training since management training hardly differentiates family and non-family firms.

Thus, despite the contributions of family enterprises to economic development and poverty alleviation, management of family firms appear to be plagued with operation crisis that affect the performances of the enterprises as compared to non family firms. As indicated in the qualitative analyses, the problem of capital is crucial since it is generally concentrated in the hands of one person; the owner-manager who is often the source of subsistence of the family. This concurs

with prior investigation (Kotey, 2005) revealing that due to corporate governance issues, such as the lack of transparency and that of accountability, family enterprises remains small and have less access to capital. As evident in the quantitative data, using total assets and total number of full-time employees as indications of firm size, or capital and labour inputs as defined in Table 4, we can see that family firms are generally smaller than non-family firms. That is, on average, consistent throughout the entire sample period, family firms employ fewer workers and own less capital than non-family firms. The finding that family firms are generally smaller is consistent with previous studies which have observed that, as firm size decreases, family ownership becomes more common (Barbera and Moores, 2011). Lower capital intensity in theory would diminish labour productivity, because the use of tools and machinery can make labour more effective.

Although the government has initiated venture-friendly policies to encourage self-employment, economic growth and poverty alleviation, tax policies via administrative bottlenecks and corruption seem to affect the attractiveness of entrepreneurship. This has been evidenced in the qualitative analyses as participants of both family and non family firms expressed their worries with regard to taxes as a main factor hindering entrepreneurship spirit and productivity in small businesses. In this regard Schuetze and Bruce (2004) confirmed that tax policies can affect the decision to become self-employed in various ways and make self-employment more or less attractive than wage and salary work; thereby acting as a pull and push factor. The issue of taxation was also uncovered in the quantitative results. An unsuitable tax system with corrupt officials corresponds to a major factor affecting firms' growth (Khizra and Wasif, 2011).

Generally, based on the qualitative results, we identified problems of financial capital as a principal moderator of entrepreneurship and this problem was acute for family firms than non family firms. Also, taxes were projected as unfriendly indicators to business creation by young people and managers of family firms as opposed to nonfamily firms. These are negative perceptions including poor management styles in family firms and mismanagement in non family firms. Further, while managers of non family firms complained of small salary, no voice was heard from the managers of family firms; but concerning customer complains as a source of dissatisfaction, managers of non family firms recorded a higher score as compared to those of

family firms. These are the factors that could explain productivity gap and performance between the two groups of firms.

Based on the above results, the Cameroon government should provide support to family owned firms so that they can provide employment opportunities. Training in firm management if extended to family businesses, it could be powerful tool to raise productivity and thus firm growth. Such policy measures should be devised that can help entrepreneurs in their educational training along with the provision of technical and managerial facilities. Entrepreneurship education should be part of the curricula in Higher Education and how the sphere of family business should be taught in higher education should be the concerned of policy makers and academia. Family entrepreneurship should be perceived as a career opportunity by university students. Government should support firms to overcome obstacles that restrict firms' productivity growth. Firms' growth in terms of employment and poverty reduction via income generation can yield better outcome if these small units are provided with basic infrastructural support in terms of finance, and simplification of the tax administrative procedures, technical and commercial support.

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