Small Business Owners` Perception City Councils` Role in Small Businesses Creation in Their Municipalities. Case of Kumba City Council

1Negou Ernest, 2Asongna Sheila Njinyi, 3Dr. Nkenganyi Fonkem Marcellus, 4Ibrahima

1 Department of Management Sciences, Higher Technical Teachers´ Training College (HTTTC) 
University of Buea, P.O.Box: 249, Kumba, SWR, Cameroon
2 Department of Management Sciences, Higher Technical Teachers´ Training College (HTTTC) 
University of Buea, P.O.Box: 249, Kumba, SWR, Cameroon
3 Department of Management Sciences, Higher Technical Teachers´ Training College (HTTTC) 
University of Buea, P.O.Box: 249, Kumba, SWR, Cameroon
4 Department of Marketing, Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC) 
University of Douala, P.O.Box: 1931, Douala, Littoral, Cameroon

Abstract
The study seeks to evaluate the perception of the role of City Councils in the creation of small businesses. Using a descriptive research design, 150 questionnaires were administered to these owners by convenience. Data was analysed using descriptive statistics through the Statistical Package for Social Sciences (SPSS 2022 version). Results reveal that the majority of small business owners (51.3%) believe that the City Council does nothing to encourage the creation of small businesses. It was recommended that the City Council should act more as a facilitator for small businesses and encourage their creation and even their sustainability. This is because more businesses mean more revenues, and improved living standards both for the business owners and the City Council and its workers.

Key Words: perception, city council, small business, role, small business owners, local government

Introduction
The experience accumulated by countries like Germany or Poland shows that the role of local authorities in small business development is rather significant (Kozarzewski, 2006). This is because the quality of the functioning of the whole system of support to entrepreneurship is determined regionally and locally, taking into account the specificities of each locality. For instance, the local authorities of Poland put a lot of effort to coordinate the system of small business development support and to increase its quality. In Germany, there are many institutions to promote small businesses both at the national and local levels. In Belarus, the ‘quality’ of the business climate is to a great extent determined by the authorities at a national level, where the overall regulatory environment is shaped. However, many aspects are still governed by local authorities. The latter are able to set up local tax rates, grant various permits, exercise controls and conduct inspections, register new prices, etc. Also, their power to use and privatize communal property and provide information and consultation aid has to be particularly emphasized (Kozarzewski, 2006).

In Cameroon, the promotion of Small businesses is a little bit similar to that of Belarus with the promotion of economic development both at the national and local levels. At the national level, the government measures to promote small businesses cannot be over-emphasized. The most renowned measures include the creation of a Ministry in charge of Small Businesses, the bank of small businesses, centres for business creation formalities, and the construction of dams to improve energy supply. At the local level, the constitutional revision of 18 January 1996 consecrates two main decentralized communities namely the regions and communes (Yombi et al., 2018). Law No. 2004/17 of July 2004 on the Orientation of
Negou Ernest, IJSRM Volume 11 Issue 09 September 2023

Decentralization 10.2b, Law No. 2004/18 of July 2004 comprising Rules Applicable to Councils, Law No. 2004/19 of July 2004 comprising Rules Applicable to Regions and Law No. 1987/015 setting up city councils, came to translate the reforms into law (Lyonga, 2020). The region is one of the innovations of the 1996 Constitution revision. Its missions are identical to those of the communes but the difference lies in the scope which is larger for the region. The National Dialogue (2019) in Cameroon gave a push to decentralisation with the examination and adoption of the bill on the General Code on Decentralisation and Local Authorities in Parliament and its subsequent promulgation into law by the President of the Republic, the organisation of elections of Regional Councillors that took place on December 6, 2020, the creation of the National Advance School for Local Administration, NASLA, the fast-tracking of the decentralisation process with the replacement of Government Delegates by City Mayors with an elective mandate, the Creation of the Ministry of Decentralisation and Local Development.

Since the National dialogue, decentralisation has become more effective. It was therefore important to find out from the community perspective how these decentralised entities have contributed to their economic development. The selection of City Councils and very small businesses is motivated by their importance in many cities of Cameroon and their vital role in fighting unemployment in the country. Henceforth, the objective of this study is to determine from Very Small Businesses' perspective, the role that City Councils play in their creation.

In most of the world’s economies, Small and Medium-Sized Enterprises are regarded as vectors for job and wealth creation (World Bank, 2014). Through their investments and consumption, they create value and produce a plethora of goods and services, thereby playing a significant role in funding public services and creating a dynamic local economy (Goudreault, 2013). In short, they are a unique asset for development, serving as both a motor for growth and a tool for the redistribution of wealth (Economic Support Fund, 2009, p.1).

In Sub-Saharan Africa, the Small And Medium-Sized Enterprises sector accounts for more than 90% of all firms. Between 70% and 80% of Small and Medium-Sized Enterprises are micro-firms or very small firms. They are identified as instruments for improving the standard of living in a country as they constitute the main source of jobs and income for Africans, after subsistence farming (Tadesse, 2009). If African countries wish to speed up their economic growth and development, they would certainly gain from supporting the emergence and growth of small businesses. Some have understood this and have set up dedicated small business agencies and ministries. In addition, growing numbers of researchers are suggesting that political decision-makers who wish to strengthen the private sector should focus on the legislation, regulations and institutional mechanisms that condition or shape economic life (World Bank, 2014). The emergence of small-scale businesses is tantamount to the emergence of entrepreneurs as Small businesses are used to foster entrepreneurship. This would make the nation to be self-reliant, economically viable and socially balanced, and there will be jobs for so many people.

In Cameroon, many individuals undertake businesses for their survival. Their areas of activity include various types of service industries operating in the informal sector, such as repairing, passenger and cargo transportation, personal and home services, social services, catering, micro-finance and computer-related activities, etc. The number of enterprises or individuals under this category is hard to estimate but has grown steadily. There are many such enterprises involved in the “conventional” distribution sector, which include street marketers, trading with nearby residents at street stands or small shops, small-size retailing at a central market or markets specialized in specific products such as food, daily necessities, sundry goods, soap, and batteries for radios, etc. Unfortunately, the business environment appears to have deteriorated in Cameroon. In the World Bank report entitled Doing Business, Cameroon’s ranking fell by ten places between 2014 and 2015, from 148th to 158th and continued falling to 166th rank in 2018 from 163 in 2017. However, this decline does not in itself, provide sufficient information on the mechanisms and pitfalls that encourage or hinder business development in the country. First, it is important to note that there has been a strong political will since the 1960s when the country achieved independence and began to introduce various structures to stimulate and support business creation. While this institutional infrastructure originally produced good results (the emergence of many firms of different sizes), it subsequently began to decline. It is in this regard
that Cameroon’s enterprises are still finding it hard to consolidate their growth and survival. The last general business census in Cameroon found that the average age of the country’s firms was just 10 years (National Institute of Statistics, 2011), in spite of decades of effort and incentives (some cut short by the economic crisis). Therefore, there is a good reason to wonder whether Small and Medium-Sized Enterprises in Cameroon can still act as vectors for growth, job and wealth creation.

Kumba, Departmental Capital of Meme, the tow of green and businesses and the case of this study is not left aside. Many small businesses are created and closed every day. The reasons behind these closures are numerous and it is in an attempt to identify some that this paper aims at assessing the role of Kumba City Council in the creation of small businesses.

The concepts involved in this study include City Council and the Promotion of Small Businesses.

City Council
A city council is a local government body. Local government refers to the operations of corporations, municipalities, district boards, panchayats in a country, and other bodies that are entrusted with the execution of functions relating to and concerning the residents of a given area locality. According to Godwin (2014), local government consists of the management of local affairs by the people of the locality where they are. In his book “Elements of Politics”, Sidgwick (2012) considered local government as the government of some sub-organs that have special powers to issue regulations or rules within the area that they manage. So Sedgwick connects government with its legislative character. Local Government is the sphere of government where local authorities are allowed by law to issue acts or decisions to adjust the way of governance (Hasluck, 2010). Local government is the government of difference, responding to different needs, and realizing different aspirations. “There must be a definite power to do things differently from that followed in other areas within the same state area. If some local body has it in its power to govern differently from other local bodies, there we have Local Government” (Hesluck 1936 as quoted in Stewart, 2000).

Types of Local Government Bodies in Cameroon
Cameroon is divided into ten administrative regions. Regions are in turn divided into divisions which are further divided into sub-divisions corresponding to the 374 local government councils. There are four main types of councils: Regional councils, City councils, sub-divisional councils (within a city council) and councils in rural areas.

Regional councils: they are responsible for the management of a region which is constituted of divisions. Their scope of activities is larger than the one of City Councils.

City councils: they serve urban areas; their territory overarches that of sub-divisional councils. They are headed by City Mayors appointed by the President of the Republic. They mirror all the duties and powers of mayors. They are assisted by an executive team composed of persons appointed by order of the president. The deliberative body of the city council comprises the executive team, the sub-divisional council mayors and one additional councillor designated by each of the sub-divisional councils (Cameroon country profile, 2019). Kumba has a status of an urban area, therefore, it has both a city council and sub-divisional councils. The city councils board comprises mayors of sub-divisional councils and representatives designated from among sub-divisional councils. Kumba is made up of three sub-divisional councils namely Kumba 1 (Kumba Town-Kake, a part of Buea Road), Kumba 2 (Kosala, Hausa-quarters and Fiango) and Kumba 3 (Three Corners, Mambanda and a part of Buea Road) with each having an elected Mayor. However, they fall under the jurisdiction of the city council. According to Law No 2019/025 of 24 December 2019, on Bill to Institute the General Code of Regional and Local Authorities, the city council has jurisdiction over any action about inter-council collaboration, major works and structuring projects. The city council is responsible for the creation and management of municipal public facilities in areas concerning preschool and basic education, non-formal education and apprenticeship, vocational training, health, Public hygiene and sanitation, road and communication infrastructure classified under the council’s domain, public transport and traffic plans, water and energy, trade fairs and markets, youth affairs, sports, arts and culture,
issuing building- and demolition permits, the acceptance and rejection of grants, subsidies and legacies, loans and loan guarantees or endorsements and small-scale exploitation of council mineral resources.

Sub-divisional councils: these are council areas created within any city council area. Most city councils have two or three sub-divisional council areas, but Yaoundé and Douala have seven and six respectively. The sub-divisional councils are headed by directly elected mayors (Cameroon country profile, 2019).

Councils: they lack the status granted to city councils. All councils are headed by a directly elected mayor who is supported by a team of councillors; their number depends on the population size. The council can appoint commissions to work on any relevant issues, and membership can include non-councillors and must be convened during the council’s first year. Typically, their remit would include planning, public works, education, markets and other facilities, or health (Cameroon country profile, 2019).

Many scholars have researched local government. Rogers Rugeiyamu (2021) for instance researched the role of Local Government Authorities in promoting Local Economic Development and service delivery to local communities in Tanzania. The approach provides a guideline for Local Government Authorities regarding where to focus to become active in playing their role. The study uses a documentary review of reports, books, articles and newspapers. The collected data from 90 Local Government Authorities were analysed through a secondary data analysis approach. The findings revealed that Local Government Authorities promote Local Economic Development by providing soft loans, improving business infrastructure and local investment support. In addition, Local Government Authorities promote service delivery by ensuring the supply of water, supporting electricity supply and school improvements. Challenges toward playing a more effective role were identified including non-performing loans and failure to provide entrepreneurship skills. The study urges Local Government Authorities to put more effort toward solving the identified challenges, e.g., addressing non-performing loans, completing unfinished business infrastructure, and becoming innovative toward service delivery and economic liberation of local communities. This research is to some extent similar to this research work as it looks at how local governments contribute to local economic development. However, development also entails that small business creation should be promoted and sustained to grow.

Also, a similar study was carried out by Ngalle Joseph (2016) to assess the financial strategies and resources that small lodging business owners use to help their businesses survive over 3 years. Fiedler’s strategic contingency theory was the conceptual framework. There were 5 owners from 5 separate successful small lodging businesses in Kumba, Cameroon, who participated in the face-to-face interviews. The results from computer-aided qualitative data analysis, methodological triangulation of the interview data and company document analysis, following Yin’s 5-step analysis led to the emergence of 3 major themes: passion and dedication of the owner, preparing for the seasonality of the business, and hiring the right employees. These findings could be of interest to small business owners interested in improving financial strategies to avert future failures. This study promotes positive social change as improved business success may lead to a decrease in unemployment and improved living conditions in Cameroon and other local communities. This is related to this research in that if businesses can assess their resources they can overcome their challenges.

Omoniyi Victor Ajulor and Busayo Ibikunle (2016) conducted research with the main aim of examining the theories of Local Government and their relevance to Nigeria’s experience. The three major theories of local government that have featured prominently in various literature in recent times and are under consideration in this paper include Democratic participatory school, Efficient-service school, and Developmental school. The paper relies on content analysis of relevant literature such as books, journals and internet sources. It discovered that the working of local government in Nigeria defies the principles and prescriptions of any theory. The trajectory of Nigeria’s local government has been on trial and error from the beginning. This has been attributed to the hundred years of colonization, which distorted our local government in Nigerian autochthonous societies growing in the embryo and replaced them with the indirect rule and native authority system by the colonial master to achieve their purpose of exploitation and domination. There are also military and political factors. Most of the local governments were created for political patronage and the interest of the people in the locality was not considered. There is an issue of 774 local governments created
by the military on a uniform basis without considering the peculiarity of the cultural value of each territory
called local government. The adaptations of the local governments and the relationship with the local people
are in doubt. This study, therefore, recommends the environmental theory of local government where the
local government will be understood from the influence of the environment. These include the cultural value
and the tradition of the people which should be appreciated and accommodated for any meaningful theory
that will properly capture the Nigeria situation for effective, efficient purposeful and viable local
governments in Nigeria. If the city council understands the influence of its environment, it can easily
provide support to promote small businesses.

The Concept of Small Businesses
Small business occupies a vital place in the national economy. Entrepreneurs invest their own money, time
and ability in their business and contribute substantially to the community in terms of jobs and goodwill (Ela
Zaman, 2020). Though small in size, small business activities cover almost any area of business for instance
manufacturing, wholesaling, retailing, service and the like. According to Small Business Act (1934), “a
small business is independently owned and operates and not dominant in its field.” A Small Business which
functions on a small level, and involves less capital investment, less labour and fewer machines to operate is
known as a small business (JU’s, 2022). The classification of small businesses varies from one country to
another.

In Cameroon, according to Law No. 2010/001 of April 13, 2010, as completed by law N° 2015/010 of 16th
July 2015 on the promotion of small and medium-sized enterprises or companies in Cameroon, Small and
Medium-Sized Enterprises include Very Small Enterprises (TPE), Small Enterprises (PE) and Medium
Enterprises (ME). Following Articles 4, 5 and 6 of the said law, a very small business is a business that
employs no more than five (05) people and whose annual turnover excluding taxes does not exceed fifteen
(15) Millions CFA Francs. A small business is a business that employs between six (06) and twenty (20)
people and whose annual turnover excluding taxes is greater than fifteen (15) Millions CFA francs and does
not exceed one hundred (100) Million CFA francs. A medium-sized company is a company that employs
between twenty-one (21) and one hundred (100) people and whose annual turnover excluding taxes is
greater than one (10) million CFA francs and does not exceed one (01) billion CFA francs. In the event of
difficulty in classifying a company in one of the categories determined in Articles 4.5 and 6 above, the
predominant criterion is the turnover annual excluding taxes.

Creation of Small businesses
To fight poverty, develop the private sector and promote small and medium-sized enterprises in Cameroon,
the Cameroon Prime Minister, Head of government signed on 18 May 2005, a degree that will allow the
creation of special centres all over Cameroon that permits entrepreneurs to create enterprises in 72 hours and
at a very low cost. With complete documents coupled with the payment of fees, one can obtain the
entrepreneurship certificate together with an exempt license, free taxpayer card and the Register of
Commerce and Personal Property Credit in 72 hours. The fees are as follows: 41,500 FCFA (about 83 USD)
for individual companies and 51,500 FCFA for legal entities (Private and public limited companies). These
Centres exist in all the ten regions of Cameroon. In addition to them, businesses can also be created at the
taxation Centre of each sub-division and since one of the roles of City councils according to Cameroonian
law is to provide and regulate administrative, economic and social development it is worth asking what they
are doing for the creation of small businesses. Elizabeth (2023) conducted a study on factors affecting
entrepreneurship in Molyko, Buea, Southwest Region of Cameroon. Using exploratory case studies and
descriptive designs, the study finds that entrepreneurs in Buea face significant challenges in accessing
finance, infrastructure, and information coupled with the lack of role models and fear of failure identified as
cultural and social factors that discourage entrepreneurial activity. Also, the study found significant potential
for entrepreneurship in Buea, with a growing ecosystem of support organizations and a young and educated
population. The study further suggests the improvement of the entrepreneurial ecosystem in Buea, implying
that local government bodies in Buea among which councils should be more proactive in facilitating
business creation.

Materials and Methods

Negou Ernest, IJSRM Volume 11 Issue 09 September 2023  EM-2023-5099
This study adopted a descriptive research design and took a quantitative approach to collect and analyse data. The descriptive research design will be used in this study to describe respondents’ perceptions of the role of city councils in the creation of small businesses. The quantitative approach is chosen because data is gathered using questionnaires and the results are based on a large sample size.

The population of this study is the Kumba City Council. Similarly, the target population is made up of small business owners. The sample will be drawn from this target population considering that they are the ones who can better inform on the role of the city council. A sample of 150 small businesses was selected and sampled conveniently and in quotas (a group of 50 in Kumba 1, 2 and 3 respectively).

Data for this study was collected through self-administered questionnaires distributed to respondents of the selected small businesses in Kumba Municipality. During the administration phase, some of the respondents requested explanations before they could answer but the majority easily understood the requirements. Data obtained for final analysis was first sorted by rearranging them into some order. It was systematically handled and edited to eliminate irrelevant information and then classified in a tabulated form. The computer-aided package known as Statistical Package for Social Sciences (SPSS 2022 version) was used as a statistical tool to analyse descriptive data. According to Stony (2012), the descriptive statistics included frequencies, percentages, tabular and graphical descriptions (charts).

Results and Discussion

Results

The role of Kumba city council in facilitating the creation of small businesses in its locality

This role is analysed on the following aspects: provision of business creation information, facilitation of authorisations and licences, and provision of facilities as assessed and commented below.

Provision of information on business creation

Table 1: Provision of information on business creation

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>26</td>
<td>17.3</td>
</tr>
<tr>
<td>No</td>
<td>124</td>
<td>82.7</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 1 shows that (82.7%) of respondents acknowledge that the Kumba City Council does not provide any information on business creation opportunities and facilities against (17.3%) who accepted to have been provided information. This means that there is information asymmetric as information is not made available to everyone who might be interested to create a small business in Kumba.

Contribution to fast-tracking authorization and licensing for small businesses

![Figure 1: Fast-tracking authorization and licensing for small business](image-url)
Figure 1 shows that while 24.7% of small businesses support the idea that the Kumba City Council assists them with fast-tracking authorization and licensing for their businesses, 75.3% of respondents have different opinions. This suggests that the majority of small business owners in Kumba are not assisted by the City council in the fast-tracking of authorization and licensing for their businesses.

**Provision of facilities for Small businesses**

Figure 2 demonstrates that only 34.7% of respondents acknowledge that the city council provides them space for their business against 65.3% who struggled themselves to have their business space. This means that the facilities provided by the City council are not enough to host the majority of small businesses and the distribution of the existing one is not always done ethically.

**Discussions**
Finding revealed that the majority of small business owners (82.7%) were not in support of the fact that the City Council assists them in how to create a business. Additionally, the study showed that a significant percentage of respondents 75.3% believe that City Council does not assist with fast-tracking authorization and licensing for their businesses. This research is different from that of Ouguiya, (2004) whose findings reveal the government provides tax credits and help with fast-tracking licensing and permitting that allows small businesses to be registered within 3 days in Cameroon as a whole.

**Conclusion**
This research intended to investigate the role of the Kumba city council in facilitating the creation of small businesses in its locality. Based on the results, it can be concluded that Kumba city council plays very little role in facilitating small business creation in its locality.

Based on these findings and conclusions, the following recommendations were worth drawing: Kumba City Council should work hand in glove with the Departmental Delegation of the Ministry of Small and Medium Size enterprises of Meme to provide necessary information on business creation formalities and even to help fulfilling these facilities. This can be done at the level of the City council by creating a service in charge of small businesses.

Officials of the City Council should publish information related to business creation opportunities in its jurisdiction because more business creation means more revenues to the council and regular pay to them.
The Kumba city council should provide regular training seminars to Small business owners to sensitize them to new practices, rules and norms.

Further studies should be conducted on the role of sub-divisional councils in the creation of small businesses.

Conflicts of Interest

“The author(s) declare(s) that there is no conflict of interest regarding the publication of this paper.”

Acknowledgements

We thank all the respondents who took part in this studious work.

References


32. Kakdeu et al. (2020). Market Competition Good for Cameroon’s Industrialization?


