The Role of Government in Development Challenges of Firms in Industries in the Industrial Free Trade Zones in Douala, Cameroon

Francis A. Fuamenya, Ph. D, CNA.
University of Buea , P.O. Box.63,Buea.Cameroon

Abstract
The government's role in creating, sustaining and developing industries in the Industrial-Free-Trade-Zones in Douala in particular and Cameroon in general, cannot be over emphasized. The ever increasing competition among countries for direct foreign investment is the catalyst behind the creation of the industrial-Tree-Trade-Zones in Douala and Cameroon like elsewhere in the world. It is paradoxical that while the industrial-Tree-Trade-Zones in many countries have achieved the objectives for which they were created, those in Cameroon notably in Douala have failed. Within this backdrop, this study seeks to find out why the industries in the industrial-free-trade-zones in Douala, Cameroon have not attained the objectives for their creation. The Chi-Square technique of data estimation was used along with the statistical analysis e.g. Linear Regression Models were among the analytical tools in the study. The findings, show a statistical significant relationship between government's role and the contribution of industries in the industrial-free-trade-zones and concluding that the environment in which industries in the industrial-free -trade- zones in Douala, Cameroon operate was not conducive to enable them attain the objectives for which they were established and upholding that there is need for government to improve on the provision of fundamental facilities like energy, funding, communications, regulations and marketing environment, FOGAPE (1988),& World Bank (2006)
Keywords: Firms, Challenges, Industrial –free- trade- zones, development, Douala, and Cameroon.

1.0   Introduction
This era of globalization has established and expanded not only the markets but cut throat keen competition for existing markets. This practice is rooted to the colonial era, when the international investors competed for and in the markets of the developed industrialized nations on one hand; the developing nations competed among themselves on how to attract direct foreign investment on the other. Here, the industries in industrial –free-trade-zones in Douala also actively competed for direct foreign investment and markets at least, W.T.O (1989).

1.(1)   Business Environment In Cameroon
Existing weak infrastructure and institutions, United Nations Economic Commission For Africa (2007), characterize the business environment in Cameroon. Cameroon is considered as scarce in resources and characterized by shortage of strategic resources, human, financial capital, energy, communication, markets and general economic infrastructure. The African Development Bank, AFDB (1997) reports that the development of the private sector in Central Africa in general and in Cameroon in particular has been hindered by three major categories of hurdles: complexity, dynamism and munificence of the environment, Peng, M.W (1997).

The complexity of the organizational environment in Cameroon is due mainly to political and legal factors. For example, the legal environment and the regulation are very complex. According to UNECCA (2003), the complexity is due to the fact that the laws are generally vague, interpretation and applications of regulations by state officials as unpredictable, and the courts corrupted. They reported that the non existence or ineffectiveness of the inducement instruments for fostering investments is alarming. The economic environment is heavily affected by the role of government and several handicaps limit the efficiency of the public power in Cameroon.

2.0. Cameroon's Industrial Free – Trade – Zones' Perspectives and Background of Study
What do we understand by industrial Free – Trade – Zones in Cameroon?

The Industrial Free – Trade – Zones of Cameroon otherwise Free – Zones elsewhere across the globe are identical in the common essential characteristics they possess. That notwithstanding, the meaning of Free – Trade – Zones underscores that acceptable blue print proposed to provide state direct surrender over land ownership rights and usage by economic investors that lead to positive growth outcomes supporting development that is, comparative attractiveness to investment. Because of the complexities in communities, societies and economies the actual definition of the Free – Trade – Zone differs across countries of the planet earth but building on its fundamental goals at creation, BEAC (1991), & Hill, C.W.L.(2001).

2.(i) Cameroon's Industrial Free – Trade – Zone Act of the Republic of Cameroon describes it as a designated duty free area in which production and trade takes place. It also operates against the background of a wide range of incentives (trade), physical facilities and farms and other specialized economic activities. Merchandise, including services, may be brought into the Free – Trade – Zone duty free for manufacturing,

processing, assembly, trading, bulk – breaking , repackaging, re-tabling or transshipment, for eventual and undirected export to international and domestic markets'' Government official Gazette that is Government's National Printing Press (1972, 1983). The objective of state decision here is to meet the challenge of development and also reinvigorate export process, manufacturing and support services such as trading, banking, insurance, communication etc: Numerous incentives were offered and are as detailed in the Investment charter of the Republic of Cameroon and annually highlighted in the Finance Laws of Republic other decrees, provisions or legislation you name it, UDEAC (1982)

2.(ii) The objectives of Cameroon's Industrial Free – Trade – Zones are:

(i)   To provide a conducive and enabling environment for direct foreign investment. And which outcome is the creation of employment and wealth.

(ii)   To stimulate and enhance opportunities for growth in export trade of the non – oil and oil sectors, and generation of more foreign exchange earnings.

(iii)   To provide the enabling environment for Cameroon's industrial development, and capacity, utilization via backward and forward linkages.

(iv)   To stimulate and provide the conducive environment for the transfer of knowledge and technology to Cameroon.

(v)   To provide a conducive environment for healthy competition in manufacturing in terms of quality and best business practices and thereby providing opportunities for products from the zones to compete favorably on the international market. Again, these objectives are far reaching and seek to assure industrial and economic development and why not the emerging Cameroon (2035) vision Agenda of Government,Peng.M.W, and Health, P. (1996)

2.(iii) The operational area of Cameroon's Industrial Free – Trade – Zones

This subsection briefly outlines the location of industries that makes up the study area, notably on the coastline of Cameroon in the bright of Bonny on the Gulf of Guinea in the Congo Basin Rainforest. Douala is a city whose origin dates as far back as the end of the 15th century Mainet G. (1986). He also explains that it was at the end of the 19th century that the city Douala experienced veritable development as a commercial **maritime – trading centre for slaves and tropical products.** The present land use of Douala like elsewhere in Cameroon's INDUSTRIAL – Zones on her coastline has evolved on the basis of its historical path, traced by a succession of European, nations' colonial past.

The urban legacy has been highly mirrored by the presence of the Germans up to 1945 and later, the French up to 1960. The zone covers areas including DOUALA, Bassa, Akwa and Bonaberi with Kribi and Edea also in the Littoral Region, Peny.M.W (2000).

2.(iv) Cameroon's Industrial Free – Trade – Zones Aims and Activities.

In Cameroon, notably in the Industrial Free – Trade – Zones in the South West and Littoral Regions, the industrial sector has made a considerable number of important socio –economic contributions. The national industrial sector has some 7,000 industrial units of which 80% are located in the Industrial Free – Trade – Zones of the South West and Littoral Regions.

Location of man industries within the Cameroon coastal zone

Industries in these Regions are varied and include: Agro – Industrial companies, Food processing, Textiles and Accessories, chemical and mining, building and construction, transportation, materials, paper and pulp and timberwood processing (Angwe and Gabche, 1997).

According to the National Bureau of Statistics, Cameroon's industrial sector employed about 1.999,000 employees and paid out about US $799 million annually in salaries. However, the industrial sector realized turnover of about US $ 9.999million, Luken et al , (2002). This is an indication of the fundamental role played by the Cameroon's industrial sector, especially from an economic and social perspective, Volcker,P.(2000).

2.(v) Presenting the characteristics of industries in the Industrial Free – Trade – Zones of Douala,Littoral Region of Cameroon. Industrial companies and Characteristics.

Table 1. The characteristics of Industries in the industrial Free – Trade Zones of Cameroon.

Industrial Companies	Characteristics
A	This is a chemical industry involved in the manufacture and distribution of chemical products such as motor batteries. It employs about 660 people.
B	This is an angro-industrial company. It manufactures rubber and employs about 360 people.
C	This is a chemical factory that produces and distributes polypropylene sacks . It has 610 workers.
D	This company is involved in recycling of chemical products such as acid batteries. It employs 220 people.
E	This is a food processing company. It processes vegetable oil and employs a total of 270people.
F	This is an agro-industry that produces fruit juices. It employs about 560 people.
G	This is a chemical industry that manufactures and transport polythene bags. It has about 398 workers.
H	This is a large petrochemical industry that is involve in emploration and refining of oil and gas. It employs about 689 people.
I	The company is a food [rocessing industry. It processes milk products and employs about 510 people.
J	The company is into wood processing with 327 employees.
K	This is a petrochemical industry. It employs about 300people.
L	This chemical company is into soap and detergent production with a total of about 625 employees.
M	It is a food processing industry. It brews beer and other soif drinks and employs more than 700 people.
N	This company produces and markets electricity throughout Cameroon. It has over 460 employees
O	This is a chemical company that produces cement and other chemical products.it has about 590 workers.
P	This company processes water and employs more than 6000 people.
Q	This company is into diverse manufacturing. It has about 770 employees.

Source: Luken, R.J.A& UNIDO (2002)

3.0   Research Methodology:
The design of this research was intended to enable us achieve both the objectives of the research and provide adequate and reliable data for testing the hypotheses. It is with this in mind that the following methodology was adopted;-

3.(i)   The Research Population:
The research population is defined to include all firms operating in the zones already, and those that expressed intention to operate in the zones. In all, these were (235) targeted firms in this category. Out of this number, (185) firms are already active in the zones, while (50) firms are those that expressed their interest in the zones. It is interesting to note that the Douala Industrial-Free-Trade-Zones alone attracts most (60%) of the firms already operating in the zones.

3.(ii)   Determination Of The Sample Size:
The formula to use to determine a sample size depends largely on the sampling procedure(s): that is used to select a research sample. In this case, it was possible to use: $n^- (Z\delta)^2$ to determine the sample size if simple random sampling (SRS) procedure were to be used.However, since it is not possible to use (SRS) procedure because the main condition for its usage is not tenable, the decision was use the modified form of (SRS) procedure:-

Therefore: $n = \dfrac{Z^2 [P]i-P]}{e^2}$

Where: n= the required sample size;
        Z= the value used for the specified degree of confidence;
        δ= the estimated standard deviation of the population;
        P= the estimated proportion of the population; and
        E= the estimated allowable error.

Therefore, at (95%) level of confidence with allowable error (e) of (5%), (e-0.05) and (50%) of the estimated proportion of the population (p=0.50), the required sample size (n) was found to be (384). When the value was increased to (0.80), the required sample size (n) was still higher (256). This was more than the population of the study as defined in the research .The level of confidence was not required so as to avoid any negative impact of the validity and reliability of the research. The allowable error (e) was not increased so as to avoid magnifying the sample error. As such, a sample size of (191) firms of the population was made without recourse to any quantitative model but with assurance to ensure valid reliable results.

3.(iii)   Sampling Frame:
The sample is to be drawn from a list that is provided by: the Chambers of Commerce and Industries, the Ministry of Trade, Commerce and Industries, the Ministry of Mines & Power, and the Douala Stock Exchange. However since not all firms are included, (I) - The population was included on the list provided by all the above to form (I), the sample.

3. (iv) Sampling Procedure

As earlier indicated, a modified form of sample i.e. random sampling is used to select the required sample. This is because the sampling frame is not complete, and so it is almost impossible to assign random numbers to firms for selection purposes. At the end, (190) target firms were selected randomly but not strictly in keeping with the simple random sampling procedure. However, it is hoped that the inclusion of at least 80% of the population and 80% of each population components in the sample greatly enhances the validity and reliability of the study.

3. (v)   Methods of Data Collection

The data for the study would be collected through a combined use of structured questions and personal interviews.In order to reduce to the bearest minimum, the disadvantages which are normally associated with mailed questionnaires, research assistants facilities the delivery, and followed by interviews as needs arose. This procedure reduces the possibility of low response rate, and thereby provides opportunity for cross –checking the information supplied by the respondents to improve on the validity of the research data.

3. (vi) Validity and Reliability

Accordingly to (Goldfinger, C.(1998), validity refers to the extent to which a research instrument measures what is intended to be measured. Reliability also means the extent to which a measuring instrument is consistent in measuring what it measures. In management sciences research however, validity and reliability refers to the information or data produced by a measuring instrument rather than the instrument itself. Therefore, to ensure that Information collected for the research would be valid and reliable, we pre-test the questionnaires randomly so as to assure final questionnaires are free of problems.

3. (Vii) Model Conceptualization.

In keeping with both the objectives and the hypotheses of the study, the research model is essentially conceptualized in terms of linear relationship between the dependent variable (performance of the firms in the zones, _(PzY) on the one hand, and a number of identified independent variables which constitute what we mean by conducive environment (CEX); Conducive environment in this research context is made up of Tax incentives (TIX); Largest consumer markets in Cameroon (IKX);Location's accessibility to the markets (AKX); Security of Life (SIX); Security of Investments (ISX); Availability of adequate infrastructure (IFX); Availability of adequate power supply (PSX) ; Initial establishment costs (ECX); Availability of trained manpower
 (I T M X); Government policy on Expatriate employment (E E X) ; and adequate targeted market communications (M C X); This model can be summarized as follows: -
PzY = f (CEX) or stated fully as : - PzY=f (TI X, LKX,AKX, SLX, TSX, IFX, PSX, ECX, TMX, EEX, MCX).
This is simply one of the several models for this study. It is also important to note here that, although the model is additive rather than multiplicative, it does not exclude the possibility of synergistic effects on the independent variable(s)

4.0   Data Presentation

The goal of the government in offering some incentives to economic investors was to attract investors to the industrial-free-trade-zones.

Therefore, we asked the respondents to choose which of such incentives attracted them most to the zones.

Table 1. Below shows the presentation of their responses

Table 1:

Presentation of Respondents view on the factors that attracted them to the zones

Factors	N°of respondents	Percentage
TIX	165	98
LKX	160	96
AKX	140	82
LSX	110	66
ISX	100	60
ECX	120	72
TMX	160	96
EEX	80	48

Source: Field research survey (2016)

The respondents' views: table 1 above shows that most of the respondents (98%) agreed and considered the tax incentives as one of the key factors that attracted them to the zones.Another important factor considered by (95%) of the respondents is market size (LKX), and available trained man power (TMX) attracted them to zones.

Going by the findings Douala, Cameroon is the largest consumer market in CEMAC and Cameroon good relationship with member countries of the regional economic market further increases the chances of easy accessibility to other markets for firms operating in Cameroon. This is explained by (83%) of the respondents who cited accessibility to other markets (AKX) as the fourth most important factor that attracted them to the

zones. Moreover, (72%) of the respondent also agreed that initial establishment costs (ECX), as fifth most important factor that attracted them to the zones. This could be interpreted and also linked as an indication that the war by the government against corruption in Cameroon is to an extent having some positive effects in some areas of our national life. Considerations on other key issues such as security of investments and life (LSX), and (ISX), some of the respondents expressed disappointment over the deterioration of security situation in the areas, concluding that banks where the primary targets. In consequence, (65%) and (59%) of the respondents respectively cited factors that attracted them to the zones. The responses also favoured the fact that (GMX) availability of trained manpower overshadowed the need for expatriate employment (EEX). And as a result only (48%) of the respondents were attracted to the zones by these factors.

Furthermore, only firms that must hire expatriate staff in some areas ,either as a matter of company policy or necessity agreed with this factor considered action over issues on infrastructure (IFX), notably available constant power supply (psx) were also considered and rated the least attractive factor (47%) and (18%) respectively to the zones because they are agreed to be grossly inadequate. Even those who mentioned that in the questionnaire, further explained over interviews that inadequate power supply and transportation difficulties adversely affected their operations, performance and results. Concluding that they will wish to see marked improvement in these sectors.

However, another most important factor that has that capacity to attract investors to the zones includes the overall marketing activities of the government i.e. in terms of selling the zones to investors through calculated and targeted marketing communications. Therefore, in this selling, respondents were asked whether they had seen or heard or any marking communications on the zones. Their views are as presented in tables below:-

Table 2:
Presentation of respondents' views on whether or not they had seen or heard any marketing communications on the zones (Industrial Free Trade Zones).

Option	N° of respondents	%
Yes	92	55
No	76	45
total	168	100

Source: Research Field Survey (2016)

According to presentations in Table 2 above; only (55%) of the respondents agreed that they saw some form of marketing communications in the zones.

Question as to whether marketing communications on the zones were adequate, the respondents had these responses as presented in Table 3 below:-

Presentation of the respondents' views on whether marketing communication on the zones were adequate.

Option	N° of respondents	%
Adequate	8	5
Not adequate	160	95
Total	168	100

Source: Research Field Survey (2016)

According to the presentation on Table 3 above, the details show that (95%) of the respondents were of the view that marketing communication on the zones were grossly inadequate.

Meanwhile, drawing interviews with the respondents to crosscheck the answers they had earlier given in the questionnaire, even those who had inadequate, that is, they had seen some form of marketing communications on the zones explained that they could not remember what communications were all about because they saw them so many years ago.

This situation is referred to in marketing as "sleeper effect," and is known to have negative consequences on the effective marketing of any product or service. From the frequency table, therefore, it appears that the government has not done enough to attract and encourage investors to invest in the Industrial-Free-Trade-Zones.

It is therefore, interesting to note the pertinent question I.e. whether this conclusion is supported by further statistical analysis of the data?

As to follow up, we furthermore, tested the research hypotheses earlier stated in this study.

Research Hypotheses
Testing of the research hypotheses:
There were three research hypotheses that were formulated earlier in this study, it can be recalled.
The First Hypothesis
The first Hypothesis did seek to establish whether there was a relationship between the conducive i.e. enabling environment according to the definition in the research and the performance of the firms in the zones
The Second Hypothesis

The second Hypothesis was concerned with the effect of inadequate infrastructural facilities on the performance of the zones
The Third Hypothesis
Meanwhile, the Third hypothesis was intended and directed to establish whether inadequate marketing communication on the zones had impacted and affected the decision of the investors to invest in the Zones. Relying on data analysis, (Regression Analysis) the following results on the three hypotheses were collected and are presented below:
The First Hypothesis

The Regression Analysis for the First Hypothesis

R	R²	Adj R²
0.99	0.98	0.98
F	Standard Error	
868.56	0.0636	
T2 Statistics	264.1	

The Second and Third Hypotheses
The findings of the Second and Third Hypotheses

Contingency Coefficient (CC)	0.992
Contingency Coefficient (CC)	0.987

The Regression Analysis
 Interpretations of the regression analysis shows that there is a very strong relationship between the conducive environment on the one hand, and the performance of the firms in industries in the industrial -Free-Trade-Zone on the other. This fact is strongly supported by the coefficient of determination (R2=0.98) as well as the other results i.e. (F=868.56) and (t=264.1) which have calculated values that far exceed their overall critical values in the tables at (59%) levels of confidence. Going by this finding, therefore, this means that the ¨null hypothesis¨ of the first hypothesis has been rejected and the alternate hypothesis accepted; and thereby suggesting that there is a strong positive existing relationship between the conductive environment as defined on the one hand, and the performance of the firms in the industries in the industrial- free- trade- zones on the other.

Indications
Going by further indications from above outcomes the calculated values of the contingency co-efficient or aspects of both the second and third hypotheses are extremely very high i.e. (0.987 and 0.992). By interpretation, what this means is that the "null hypothesis" of both the second and third hypotheses have been jointly rejected, and meanwhile, the alternate hypothesis accepted at (95%) level of confidence.
This therefore, further suggest that the provision of adequate infrastructural facilities such as power supply and good roads have a definite effect on the performance of industrial free-trade-zones
Similarly, the overall results of tests carried out have shown conclusively that marketing communications have a profound effect on decisions of potential investors to invest in the industrial free- trade –zones.
This factor furthermore, suggests that with adequate high quantity, and targeted marketing communications many more investors would most likely be motivated to invest in the zones and thereby improve on the overall performance of the zones

5.0 Conclusion
Having accumulated available evidence as present in the study, we therefore, conclude:
1) That the industrial free trade zones which were established more than five decades ago have till date not achieved their expected objectives in terims of revenue generation and employment, expansion or growth(economic).
2) This situation is persistent largely due to the fact that the environment in which the industrial- free- trade-zones are operating is not condusive enough to encourage and enhance their performance and thus enable them to achieve the objectives for which they were created
3) Furthermore, the targeted marketing communications on the industrial free trade zones are infrequent and grossly inadequate.
4) This has resulted to the creation of a "sleeper effect" on the Industrial Free Trade Zones with the negative consequences highlighted earlier in the study.

6.0 Recommendations
Reflecting and relying on the findings, this study recommend the following measures to improve upon the overall performance of firms in industries in the industrial -free -trade -zones
1) It would be ideal if the government should endeavour to provide adequate and reliable facilities such as power supply and good roads to the industrial -free -trade –zones. It must be noted that the administration is making some efforts to remedy the energy and highway sectors of the sad situation. It is hoped the objectives will be

achieved and not just the usual deceptive platitude and empty dreams of politicians over decades since independence.

2) The government needs to address the gross insanity problem with all the seriousness and sincerity it deserves. The insecurity situation in the area is discouraging to investors (actual and potential).

3) The government needs to inject more efforts to enhance the grossly inadequate and infrequent marketing communications. This situation has negative consequences on the investment decisions and overall performance of the zone.

4) The government policy and strategy on the Industrial -free -Trade -zones in the country on the whole needs be reviewed within these two main objectives:

1) (i) It enables government to conceive competitive strategies for firms in the industrial free trade zones in the international markets.

(ii)-It enables government to concentrate available resources' earmarked for the development of the industrial fee trade zones.

(ii)- Government budgetary allocations for development of such zones would no doubt assure provisioning required facilities to enhance performance and results of the zones.

2- Public-private sector partnership-would provide the opportunities for the government to invite and negotiate with private sector for possible partnership in the industrial free Trade zone's projects.

References

AFDB, African Development Bank (1997), Evaluation Report on the Performance of the Structural Adjustment Program (SAP1-111), in the Republic of Cameroon. Several issues.

BEAC (1991), Central African Banking Commission: A Publication of the Central Bank for Central African States (BEAC), various issues.

FOGAPE (1988), Rapport d'Activités du FOGAPE (1986/87) Yaoundé, Geerf, Bekoeerf (1998). Capital Markets: An Engine For Economic Growth, the Brown Journal of West Africa.

Goldfinger, C.(1998) Uses of Information and Communication Technology in European Financial Services, Oxf. Uni.Press.

Hill, C.W.L (2001), Global Business Today. New York, McGraw- Hill/Irwin.

Luken, R.J.A (2002), Developing Countries' Industrial Source Book, UNIDO, Vienna, Austria, Vol.1-89605.

World Bank (2006) Summary of Cameroon's Investment Climate Assessment (Note N° 38369) Jan. 2017, various issues

World Development Indicators (2000), Washington, D.C: World Bank, N.Y. Press

Pen.M.W, and Health, P (1997). "The Growth of Firms in Planned Economies in Transition: Institutions, Organizations and Strategic Choices." Academy of Management Review 21 (02).

Pen. M.W. (2002) Cultures, Institutions, and Strategic Choices: Towards an Institutional Perspective on Business Strategy. The Blackwell Handbook of Cross-Cultural Management. Cambridge, UK: Blackwell.

UDEAC (1982), ''Act No.5-82-324 of 18th December, Journal Officiel de la République Unie du Cameroun, Yaoundé; various issues,

UNECCA: United Nations Economic Commission for Africa (2003), several issues.

Volcker, P. (2000)."The Sea of Global Finance'', in W.Hutton and Gardens (eds).The Edge : Living in Global Capitalism. Jonathan, Cape, QXf. Uni. Press