The Contribution of Islam to Entrepreneurial Activity in Cameroon

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**ABSTRACT**

The purpose of this study was to examine the effects of Islam on entrepreneurial initiative in Cameroon. In order to achieve this objective, the authors used data collected from 504 individuals in Douala and Yaoundé cities by the Laboratory for Research in Fundamental and Applied Economics (LAREFA) of the University of Dschang. Using the binary probit model and the bivariate probit model, the following results were obtained: 1) although not significant, the probability for a Muslim to start his own business decreases by 0.8% as compared to individuals of other religious denominations; 2) although not also significant, for an entrepreneur (or manager) to be a Muslim increases by about 8% his probability to become a well-established entrepreneur (or manager).
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INTRODUCTION

A country’s economic growth is strongly linked to its entrepreneurial performance. However, entrepreneurship positively influences economic growth through the reduction of unemployment and the increase of creativity and productivity (Hamdan et al., 2018). Many researchers commonly associate entrepreneurship with business creation (Gartner, 1989; 1990). On the other hand, others associate it with entrepreneurship (Lecointre, 1993). As a result, there is no single definition of entrepreneurship in the scientific community. Without presenting all the definitions put forward so far, we have chosen Autio’s (2005) definition, who presents entrepreneurship as the ability to create and set up businesses where others have not seen the opportunity to do so.

In Cameroon, entrepreneurship has undergone some evolution. Cameroon has moved from an entrepreneur state to a state that encourages the development of entrepreneurial activity (Global Entrepreneurship Monitor, 2014). In this regard, the Cameroonian government has implemented several measures in recent years to promote entrepreneurial initiative. These measures include the complete simplification of administrative procedures for setting up a business, the declaring and paying taxes, and the creation of an agricultural bank and an SMEs bank. These efforts have certainly contributed to the development of entrepreneurship in Cameroon. In several Doing Business reports published by the World Bank, Cameroon has made significant progress in improving the business climate. However, if in 2016 Cameroon was ranked 172 in the world, it gained a few points in 2017 and 2018 to occupy the 166 and 163 places respectively. Similarly, according to the Global Entrepreneurship Monitor (GEM) data for Cameroon, for the year 2016, the rate of entrepreneurial activity was 27.56%, the rate of established entrepreneurs was 15.20% and the rate of stoppage was 17.70%. According to these statistics, we can agree with Messeghem and Torrès (2015) that efforts are being made to know, understand and guide the development of entrepreneurship in Cameroon, but these efforts are still insufficient. Cameroon remains a giant in emerging entrepreneurship but a dwarf in the development of an ambitious entrepreneurship.

However, it is still interesting to understand what determines entrepreneurship and its different phases. While Baumol (1993) uses economic factors to explain the tendency of individuals towards entrepreneurial activity, Zahra et al (2008) uses institutional factors. It was also mentioned that religion could play an important role in entrepreneurial activity.

The idea that religion influences entrepreneurship has been approached in two ways. The first approach is that of Smith (1776) who considers religious leaders as entrepreneurs similar to lay entrepreneurs. Following this approach, lay entrepreneurs are motivated by interest, the same as religious entrepreneurs.
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