



2016 SURVEY OF SMEs / BAROMETRE DES PME_s



SURVEY OF SME_s IN CAMEROON

2017 EDITION

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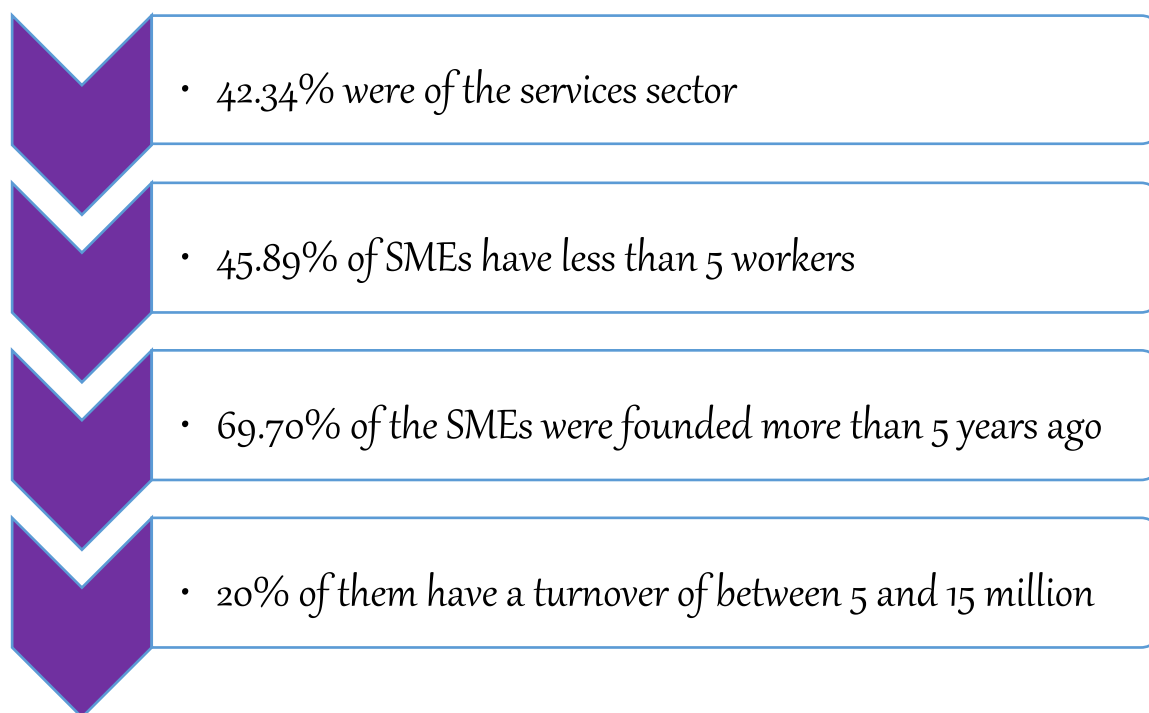
The opinion survey carried out by the CCIMC is a reference tool analysing the opinions of leaders of SMEs operating in Cameroon on the changes and prospects of (1) their activities, (2) their production capacities, (3) their employees and wage bills, (4) their production costs and prices charged, (5) the overall economic environment and business climate, (6) financial indicators (cash-flow and order books).

A sample representing trade, industry and services sector SMEs in all the regions of Cameroon was interviewed. This sample was selected using a rational selection method taking into account the sizes and ages of the SMEs.

The survey was carried out in the months of March and April 2017 and involved 385 SMEs.

The report which follows presents its main findings.

Backgrounds of SMEs interviewed



Changes in SME economic activities

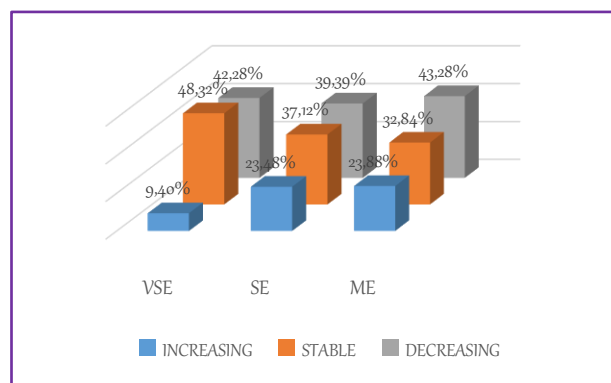
SME activity in the second half of 2016 was influenced by economic and security crises.....

Leaders of the SMEs that were interviewed stated that their activities in the second half of 2016 were gloomy,

explained by the worsening economic crisis hitting the country and security challenges owing to the exactions of the BOKO HARAM sect and the Anglophone crisis. 41.8% of these companies experienced a drop in their turnovers during the period under review.

The trend remained the same irrespective of the size of the firms, especially with regard to the Very Small Enterprises (VSEs). According to 90.06% of company leaders in the latter category, the turnover remained stable or dropped during the period under review.

Fig 1: Opinions of company leaders on the changes in turnovers (according company sizes)



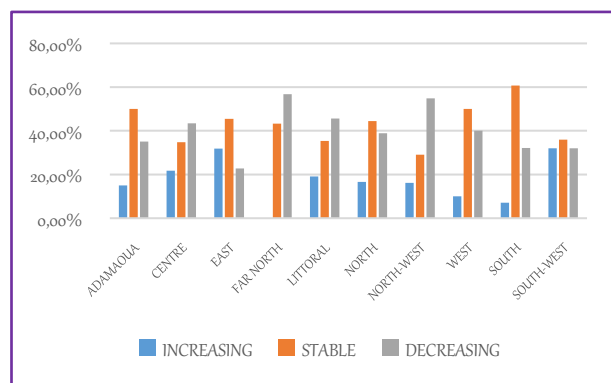
Source: Survey data CCIMA

This trend differed according to regions. SMEs in the Far North and North-West regions were the most affected. More than half of business leaders in these two regions witnessed a downturn in turnover.

The situation was no better in the Centre and Littoral regions, where 2/5 of SMEs also saw their turnovers drop.

On the other hand, the situation was relatively stable in the East and South-West regions, where above 60% of business leaders declared that their turnovers had either increased or remained stable.

Fig 2: Opinion of business leaders on changes in turnover (according to regions)



Source: Survey data CCIMA

... which mostly affected trading and handicraft SMEs

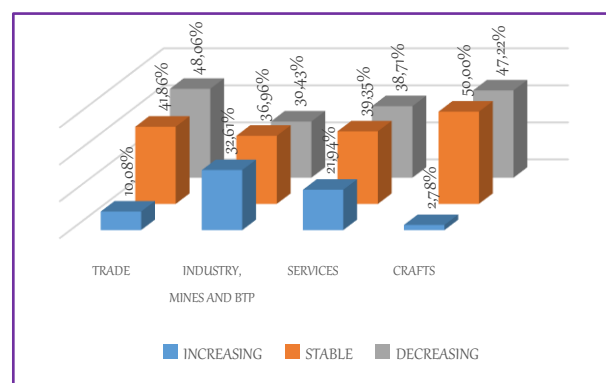
...

Nearly half of the SMEs in the trade sector experienced

a decrease in turnover during the period under study. The same trend characterises the handicraft sector (47.2%). In the services sector, the proportion of firms which saw their turnovers drop and those that witnessed turnover stability is substantially the same.

Only businesses in the industry, mines and building construction/public works sector revealed the highest proportion of leaders who reported turnover increases (32%) during the period under consideration.

Fig 3: Opinions of business leaders on changes in turnover (according to activity sectors)



Source: Survey data CCIMA

... causing a slowdown in SME exporting activities ...

The activity slowdown noticed by business leaders was reflected in reduction in export activities carried out by 7.8% of SMEs with Europe and Francophone Africa, especially ECCAS countries, as priority destinations and to a lesser extent with Asia, the United States and non-Francophone Africa.

... a low rate of job creation ...

The absence of a good visibility for the future resulted in low job creation in the latter half of 2016.

As a matter of fact, 13.59% of business leaders interviewed declared increases in their salaried workforce and wage bills.

Nonetheless, positive developments were observed in the medium-sized enterprises (ME), as 25% of them reported an increase in the number of salaried workers.

Nearly a third (29.92%) of business leaders affirmed having more difficulties recruiting non-management staff (64.21%) than management staff (35.79%).

Fig 4: Opinion of business leaders on changes in staffing and wage bills



Source: Survey data CCIMA

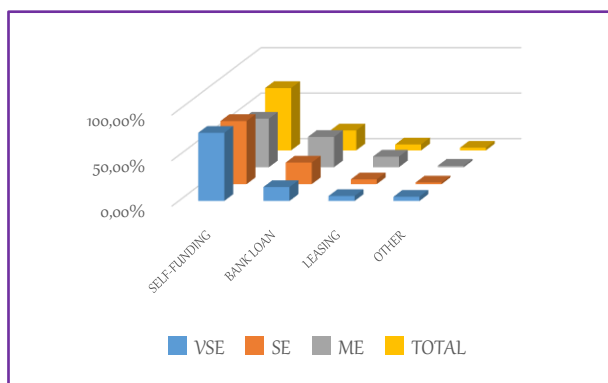
...and limited investment decisions

More than a quarter (28.13%) did not invest during the last 6 months. 40.31% of the remaining three quarters increased their investments.

The main motivation for investment was the need to increase production capacity, while the main obstacle to investment was funding.

Besides, SMEs primarily funded their investments through self-funding (69.25%) and, to a lesser extent, bank loans (21.43%) or leasing (6.21%).

Fig. 5: Opinions of business leaders on sources of investment funding



Source: Survey data CCIMA

Sufficient production capacities ...

According to 55.67 business leaders interviewed, production capacities were even more than sufficient. Nearly three quarters of them deemed that considering the means at their disposal, they could produce more if demand were to increase.

... but with low demand...

The activity downturn and the drop in demand led to a

reduction of orders in SMEs. Only 15.71% of the business leaders interviewed recorded an increase in orders for their products. Their stocks were at least maintained at a normal level with the production level witnessing a drop.

High production costs ...

Production costs of SMEs remained high. According to 44.59% of business leaders interviewed, costs were on the rise. The main cost incurred by companies was that of energy, followed by supply costs.

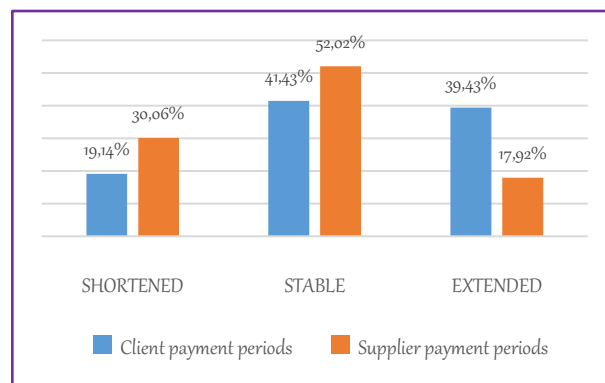
... Which were not always reflected in prices ...

Only 10.89% of business leaders interviewed affirmed they increased prices. Low demand forced most of them to maintain prices in order to retain a frail customer base to the detriment of profit margins.

... In spite of longer payment periods and shorter settlement periods...

Nearly 40% of SME leaders felt that the payment periods granted to clients were extended to the second half of 2016, whereas at the same period, 30% of them affirm seeing the period for settling their suppliers shortened.

Fig. 6: Opinions of business leaders on changes in payment periods



Source: Survey data CCIMA

Cash-flow difficulties of SMEs during the second half of 2016 ...

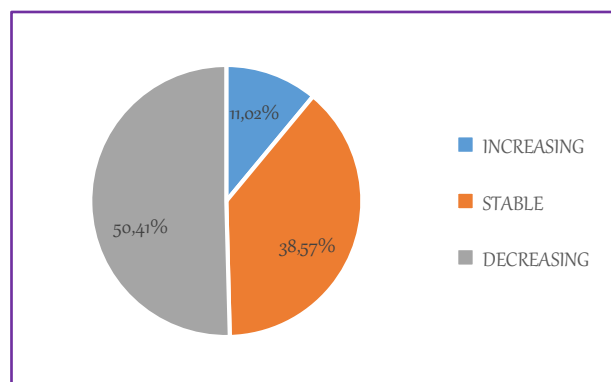
Two thirds of the SMEs (66.7) interviewed, especially in the crafts and industry sectors, affirmed having had cash-flow difficulties. This was the same problem throughout the country, with the exception of the North and East regions. MEs experienced cash-flow difficulties more than SEs and VSEs.

According to SME leaders, the activity downturn, low demand, taxes and recovery difficulties contributed the most to the hardships suffered.

... resulting in globally low profits ...

More than half of small-and medium-sized businesses stated that they noticed a drop in the profits of their companies. Only 11.02% reported an increase in their profits.

Fig. 7: Opinions of business leaders on profits made



Source: Survey data CCIMA

... Owing to a business climate deemed to be generally unfavorable and trends somewhat on the low side ...

41% of SMEs felt that the business climate was unfavorable, whereas 19% reported the contrary.

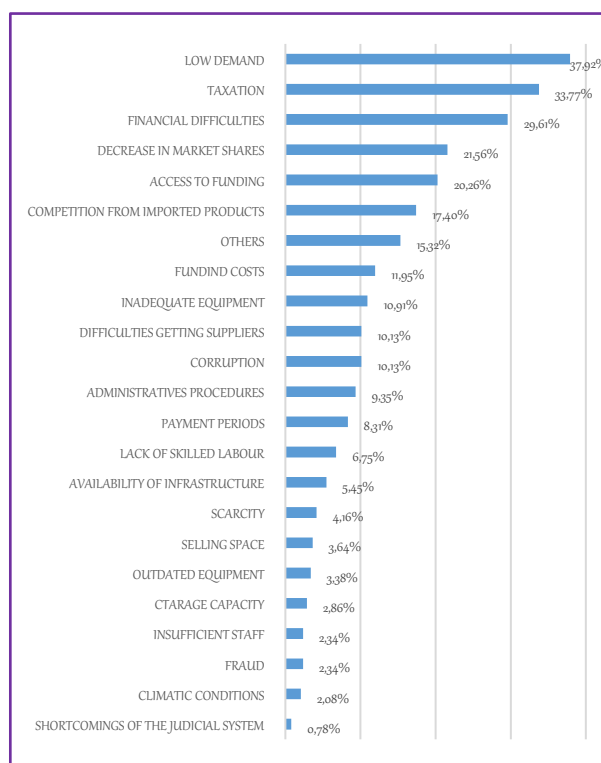
Prospects for 2017 are least inspiring with regard to the perception of the business climate. As a matter of fact, more than half (53.83%) of the respondents felt that the business climate would never favour them. In addition, nearly a quarter (25.59%) of them thought it will become worse than in 2016.

... marked by insecurity...

Insecurity (Boko Haram, theft) was the leading factor cited by business leaders as having disturbed their activities in the second half of 2016.

Also, the Anglophone crisis, disputes with taxation officials and competition led to disturbances.

Fig. 8: Difficulties faced by Cameroonian SMEs



Source: Survey data

The EPA has not yet produced impact on SMEs

Only 12.54% of SMEs feel the effects of the entry into force of the EPA on their activity. This low proportion is explained by the low number of products involved in the first phase of the dismantling of custom duties and poor mastery of procedures, especially the rules of origin, by SMEs.

Focus on women and youths

The survey also revealed that:

- ✓ 15.83% of business leaders were women
- ✓ 13.40% of business leaders were aged below 30
- ✓ 23.58 of SMEs had no female employees
- ✓ In 27.32% of SMEs, no woman held any post of responsibility
- ✓ The industry sector employed the highest number of women, as contrasted to trade which employs the least number of them.



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