Chapter 55
Cultural Diversity and Performance of Cameroonian Companies

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ABSTRACT

The objective of this study is to highlight the effects of ethnic, linguistic, and religious diversity on business sustainability in Cameroon. To achieve this objective, the authors used data from a survey conducted in the cities of Douala and Yaoundé by the Laboratory for Research in Fundamental and Applied Economics (LAREFA) of the University of Dschang. Using a censored Tobit model, the following results were obtained: (1) Ethnic diversity and linguistic diversity each have a positive effect on the sustainability of Cameroonian companies. However, when the linguistic diversity index is too high, its effect becomes significantly negative. (2) Whatever its level, religious diversity has a negative effect on the sustainability of Cameroonian companies.

INTRODUCTION

Economic growth theories largely recognize that new firms are the driving force of economic growth, that is, creating jobs, stimulating competition, fostering innovation that stimulates economic growth in a society (Acs & Szerb, 2007; Audretsch, 2007; Rothwell & Zegveld, 1982; Schumpeter, 1934). However, to achieve this goal requires both new and old companies must be successful (Tsambou & Fomba, 2017).

Performance is a polysemous, complex and difficult concept to define. According to Villarmois (1998), performance is defined through two almost independent dimensions: an objective dimension of an economic (efficiency) and systemic (sustainability) type and a subjective dimension that is both social (human resources) and societal (legitimacy). In the organizational design of performance, Scott

(1987) suggests three main models: the rational model, the natural model and the systemic model. The rational approach would tend to focus on the number of units produced for a given period (productivity) and for the number of factor units (efficiency). This approach is consistent with Villarmois' (1998) idea of objective economic performance (efficiency). The natural model, in addition to considering the production function, integrates support activities, which justifies the interest in employee cohesion and morale. The systemic model highlights the elements related to resource acquisition and adaptability.

In 1992, Cameroon underwent a labour market reform. The main objective of this reform was to improve business performance. Unfortunately, it has led to an increase in job insecurity. Thus, in 1992, statistics show that the informal sector contributed to the creation of more than 8 out of 10 jobs. Today, it employs nearly 90% of Cameroonian workers (OIT, 2017). However, according to the latter author, informal enterprises in Cameroon are just surviving enterprises where profits and efficiency remain very low and cannot compete and as a result, they remain inefficient.

Research on the determinants the performance of a firm focuses on two types of sources ; while the first focuses on the firm's external environment and market characteristics (Porter, 1979; Geroski & Masson, 1987; Cano et al. 2004; Grinstein, 2008), the second puts an accent on firm-specific resources such as innovation, organization, marketing, human resources management... (Barney, 1991 ; Peteraf, 1993). Regarding the internal source and particularly human resources, it was mentioned that employee creativity has an impact on company performance (Jaussi & Dionne, 2003). However, this strong creativity among employees is often explained by the existence of diversity within this group (Maznevski, 1994).

Diversity studies (for example, Maznevski, 1994; Milliken & Martins, 1996; Pelled, 1996; Boeker, 1997; Peterson, 2000; Timmerman, 2000) have been conducted using two approaches ; cognitive diversity (knowledge, education, values, perceptions, affection and personality characteristics) and demographic or cultural diversity (gender, language, age, race and ethnicity)

Cultural diversity refers to the degree of dissimilarity between the cultural backgrounds of the members of a social grouping (Périac, 2014). It thus refers, generally, to the absence of the concentration of a particular cultural attribute within a group. This attribute may be ethnic (Lee & Nathan, 2011; Fearon, 200 ; Ely & Thomas, 2001), linguistic (Fearon, 2003), religious (Fearon, 2003), country of birth or nationality (Ottaviano & Peri, 2006; Niebuhr, 2010; Lee & Nathan, 2011). Ethnic diversity refers to the probability that two people randomly selected from a group are of different ethnic origin. Similarly, religious diversity refers to the probability that two people randomly selected from a group belong to two different religions. Finally, linguistic diversity refers to the probability that two people randomly selected from a group speak two different languages.

Reviewing the ethnic map of Cameroon, it can be seen that the country is traversed by cultural diversity. Indeed, this country is home to three major ethnic groups: Bantu, semi-bantu and Sudanese. Similarly, the country has two official languages, English and French. In addition, 256 local languages are spoken in the country. However, although the constitution stipulates that Cameroon is a secular state, there are Muslims, Christians, animists and many other religious groups present in the country.

Much work has focused on the impact of cultural diversity on different forms of performance (Collier, 2000; Ely & Thomas, 2001; Ottaviano & Peri, 2006; Niebuhr, 2010; Lee & Nathan, 2011). Most of this work is based on a theory called "Theory of Homogeneity and Heterogeneity". According to this theory, members of culturally homogeneous groups are more likely to communicate with each other more often because of a unique culture (Blau, 197; Earley & Mosakowski, 2000). As a result, companies with culturally homogeneous groups do not necessarily have to suffer the negative effects of social identity processes (Cheong & Sinnakkannu, 2014). Although Tsui et al. (1992) found that increasing cultural

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