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Graduate School of International Studies,

Ajou University

**THE EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON EMPLOYEE  
LOYALTY: THE CASE OF CORPORATIONS IN CAMEROON**

**TUNYI VUSHIGHO AKONGBOM**

February, 2017

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A thesis submitted in partial fulfillment of the requirements for the Degree of Master of  
Business Administration

by

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## **ABSTRACT**

Corporate social responsibility has increasingly been gaining steam and is a vital part of organizations effort to improve its performance in the society. In its use to improve the organization's performance, it has been noticed to have an impact on employee loyalty. Organizations have been treating CSR activities as a crucial operational tool. This paper investigates the relationship of CSR activities and employee loyalty of the various organizations. The aim of this research is to uncover the impact of corporate social responsibility on employee loyalty in business enterprises in Cameroon. The research is a descriptive survey and the statistical population consists of employees from different corporations and the sample includes responses from 115 employees which were randomly selected. A questionnaire was developed and the data collected and sampling analysis was done with the help of SPSS software. The test instruments validity was tested through content validity and Cronbach's Alpha coefficient was utilized in testing for reliability. The results of hypothesis testing indicate that there is a significant relationship between corporate social responsibility and four dimensions including Economic, environmental, legal and social and employee loyalty. The study is significant in that it draws attention to the effects of corporate social responsibility on employee loyalty in organization.

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## **CHAPTER 1: INTRODUCTION**

### **1.1 BACKGROUND**

The positive intended effect of any good business is to realize a significant improvement in the quality of life and the standard of living of the people where it operates. Corporations contribute to the society while making an economic profit and equally cause the society to suffer due to some of their practices. Over the years corporations have been in the forefront of carbon emission, deforestation, fraud, and child labor, just to name a few. Nowadays the most crucial organizational factor in an economic down turn is sustainable growth and development (Orlitzky et al, 2004). In the last decade, the development of sustainable growth and development strategies for corporations has become a trend. The stakeholder theory has given corporations the initiative to examine their internal and external environments, discover their influence and see how it will shape their business activities (Freeman, 1984). The stakeholders' increasingly demand better social and environmental performances from corporations and this puts pressure for the corporations to take more responsibility in the society and environment in order to satisfy the public and gain their support and thrust (Samy and Bampton 2010).

As corporate globalization have continued to strengthen, increasingly corporations face a strong demand to put into practice a system to better manage the stakeholders and the corporation's corporate social responsibility (CSR) activities, in which equal emphasis is placed on the social, environmental, and economic aspects (Nobuyuki , 2007). Developing countries due to under-development in a competitive, monetized, global economy are at a disadvantage and they should endeavor to modernize and integrate. Most often, developing country welcome multinational corporations (MNC) and their CSR initiatives and at the same time developing countries should not repeat the past mistakes of the developed countries, such as human rights violations, child labor, and the multinationals should be responsible and accountable for any missteps (Visser, 2011). Under-developed countries are increasingly exposed to global standards and the managers are trying to copy and

effectively implement the strategy from MNC's to help them appeal to higher standards and act like global companies (Quazi, Rahman and Keating, 2007).

The importance of CSR activities has been acknowledged in the developed world, but there are questions in regards to the extent to which corporations in developing countries have CSR obligations (Jamali and Mirshak, 2007). To further CSR activities in developing countries attention has to be given to strengthening the institutional drivers and encouraging companies and institutions to move beyond philanthropy and into attempting to improve and develop the economy (Jamali, 2014). In doing this the corporations have to start by improving the social and economic standards of its employees and move outwards into the society. The stakeholders in developing countries put pressure on corporations to carry out CSR activities which are not only centered on activities that will bring about Economic growth (Khan, 1985). This therefore gives a variety of activities corporations participate in since they carry out said activities to build a suitable relationship with the stakeholders.

Nowadays in developing countries CSR activities are treated more like investments than just expenditure and they are two routes (the traditional and the alternative routes) in the implementation of CSR activities by enterprises which are considered top-performing and non top-performing. The traditional route is employed by Non top-performing enterprises to build their market space and increase profitability and the alternative route is mostly employed by top performing enterprises by investing in the society to improve living standards and in the process they build loyalty and brand equity (Banerjee and Mandal, 2006). Most enterprises act individually in carrying out CSR activities in developing countries but in areas where there are industrial clusters and they work together, they develop the market faster and as they compete for employee's and consumer's loyalty, they invest more to combat the problems of the society in order to build their reputation (Lung-Thomsen, 2012). The engagement of a corporation in CSR activities can determine whether the corporation is capable of improving its performance or not (Gonzalez-Benito brothers, 2008) that is getting involved in activities that directly affect the employees will prove that they are valuable to the corporation and will affect their performance, their satisfaction and their loyalty. According to the UN Global Compact, the triple bottom line

refers to People (social), Planet (environmental) and Profit (economic). Corporations involved in CSR activities use these as a template on which they structure their CSR activities. They strive to be profitable without causing harm to the environment and they provide a healthy, safe and suitable environment for their workforce.

In Africa CSR activities have gradually gained momentum in their use to attract and retain the best knowledge, skill and attitude needed by the company (Odumeru et al, 2014). These activities are not well understood and developed in Cameroon and due to the economic standards the retention of employees is a difficult task. It is therefore imperative that this study is carried out to explore the CSR concept and its benefits in attracting and retaining a highly productive workforce.

## **1.2 PURPOSE OF THE STUDY**

This study was carried out to frame the evidence within Cameroonian companies (domestic and MNC's) using statistical data and indicators to provide a vivid explanation on the relationship between perceived CSR activities and employee loyalty. The degree of engagement of Cameroonian companies in CSR activities (economic, legal, ethical and philanthropic) will be measured with the aim of showing that employee loyalty can be strengthened by its implementation. This study overall aims at definitely showing how the corporation can use CSR activities to help propagate its own interest and at the same time secure a very loyal workforce. This study will firstly examine employee loyalty and the CSR activities and find out how an employee's perception of each of the various CSR activities (economic, legal, ethical and philanthropic) will affect their loyalty to the corporation, and will see if the perception of more of these activities will further strengthen their loyalty to the corporation.

Secondly, the research will show how the perception of CSR activities and employee's loyalty to the corporation is moderated by the domain of the corporation being a Multinational or a domestic corporation.

### **1.2.1 PROBLEM STATEMENT**

Corporations have been investing more of their time and money into carrying out CSR activities than ever before but CSR activities in the developing world are fairly new in their implementation and some corporations voluntarily carry out CSR activities while others are forced by the government to carry out these activities. Although the effects of CSR activities have been studied in developed economies, there has been limited research on these activities in developing countries. In Cameroon, most domestic corporations are reluctant in implementing them mainly because of the uncertainty of the outcome.

The benefits of CSR activities to a corporation are always mentioned in relation to its performance in the economical, environmental and operational achievements while forgetting its impact to the employees and other stakeholders (Handfield et al, 2002). The employees and other stakeholders are essential in improving and maintaining the performance of the company and also in determining its brand image and brand value. So, some of this activities have to be carried out in the interest of the employees and other stakeholders

### **1.2.2 SIGNIFICANCE**

CSR activities have become significant in helping companies improve their performance (Gonzalez-Benito brothers, 2008). There have not been many studies about the effects of CSR activities on the effects of employee loyalty in Cameroon. This study is useful and essential to companies in Cameroon as it shows the different ways in which the stakeholders are affected by this activities and how they view the companies carrying out these activities. Since the stakeholders are most essential to the company's existence, CSR activities should be centered on them.

Companies in Cameroon are striving to attain an international and global standard and CSR activities serve as a tool in strategy development to help in the building of the economy in different dimensions in order to propel these companies to such standards. In order to attain this global standard, companies have to be exceptional in providing the

goods and services to the consumers and this can be possible only if the employees are effective in their role. This study shows the CSR activities that are to be employed by the companies to ensure employee loyalty and satisfaction so they can attain their maximum potential in performance.

### **1.3 RESEARCH METHOD**

Corporations that carry out CSR activities have much more attractive qualities than those that do not carry out these activities (Turban and Greening, 1997). Waddock and Graves (1997) stressed on the importance of policies about CSR activities. These policies are often low in cost but they improve centrality of employees to the corporation and bring about high productivity and a good impression.

The research utilizes a quantitative approach to show the effects of CSR activities on employee loyalty in corporations in Cameroon, and explain the relationship between the independent variable which is CSR activities and dependent variable which is employee loyalty. The study will investigate the perception of employees by using questionnaires designed from Carroll's (1991) pyramid of corporate social responsibility as it assumes its philanthropic, ethical, legal and economic responsibilities and how affects the employee's loyalty to the corporation. It also includes the moderation effect of multinational and domestic corporations.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 CORPORATE SOCIAL RESPONSIBILITY**

Over the years CSR has been defined by many scholars. The first clear definition was by Bowen (1953) “It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”. CSR had been practiced before the 1950’s but this definition marked the starting point of discussions in the modern era of CSR. Many scholars have carried out research and have defined CSR in many deferent respects and in several disciplines which includes economics, sociology and management fields such as strategic management, organizational behavior, environmental management, psychology, marketing, political science and finance (Mc Williams, Siegel and Wright, 2006).

CSR was identified as a major business practice firstly by Davis (1960) where he argued that, CSR activities will be profitable in the long-run and benefit corporations have a socially responsible outlook. Friedman (1970) had a more singular approach to CSR where he explained that the main role of the managers is to maximize profits for the shareholders. The definition and implementation of CSR activities continued to expand and became more of a strategy implemented by corporations and Friedman’s view was controversial as CSR is link to several external benefits of the corporation such as ethical, approval from the society, competence advancement, support from the government and many more. A management of corporation that carries out CSR activities, has to take into consideration multiple interest not only to be profitable to its stockholders but it also has to be beneficial to its stakeholders which include employees, dealers, suppliers and the nation (Johnson, 1971).

### **2.2 STAKEHOLDER THEORY**

Stakeholders are those groups without whose support the organization would cease to exist (Freeman, 1984). The view of the corporation has developed over time since the emergence of the stakeholder society. According to Freeman (1984) the image of

corporations have evolved from a rather simplistic view through a complex one and finally to the stakeholder view. The first and most simple view is what he refers to as the production view. At this stage, business was simply to buy raw materials and transform them into products which were then sold to customers. This was mostly the situation for small, entrepreneurial businesses. Those companies may very well have grown in size, but their perception of the task at hand has not significantly changed. Outside of their own niche there is an environment with which they have very little interaction, thus the importance of this environment is minimal. Gradually new interest groups emerged and the view of the firm became somewhat more complex.

The second view, which Freeman refers to as the managerial view, includes owners and employees along with suppliers and customers. The managerial view emerged because of the separation of ownership and control and the increasing influence of the workforce. This view is more complex in the sense that there are more individuals involved and the model also transforms the relationship between the participants into being more of reciprocal approach. Consequently, more interaction occurs among the different groups. As the influence from the outside environment increases, Freeman's view of the company develops further. This results in the emergence of the stakeholder view of business in a modern business society. It is not enough to just look at the corporation from the managerial point of view since there are many other groups besides suppliers, customers, owners and employees that are of great importance to the company. As mentioned these stakeholders are those who can affect or are affected by the actions of the company. This results in a number of participants interacting between themselves and the corporation. Donaldson & Preston (1995) point out that no priority of one set of interests prevails over another, i.e. the company's interests are not more important than an individual stakeholder or a group of stakeholders. Besides the production and managerial view, many others including media, consumer advocates, competitors, environmentalists etc are important. Some stakeholders are more important in the short term, whereas others may only matter in the long run and rarely affect the actions of a manager. Nevertheless, they must all be considered and cared for. Shareholder wealth maximization in its purest form fails to recognize the long term effects that the actions of e.g. special interest groups (SIG), local



communities and environmentalists may have on a company. It thus merely regards such groups as obstacles to success. Freeman argues that by being responsive to the needs of all these groups a company will provide itself with a competitive advantage in the form of its good relationships. This advantage may not be obvious in the short run, but in the long term it may turn out to be crucial for the existence of the company. That conclusion partly corresponds with that of Jensen (2001) in the sense that it looks at the long term effects. Freeman argues that companies ought to be attentive to the stakeholders because it is the right thing to do ethically, but he also holds that being responsive to the needs of the stakeholders may in fact benefit the company in many ways. This should provide the companies with an incentive to do so of voluntarily, without the intervention of the legislative power.

### **2.3 DIMENSIONS OF CSR ACTIVITIES**

Carroll (1991) separated CSR activities into four main different social dimensions that can be visually represented by a pyramid of business responsibilities, that is, economic, legal, ethical and philanthropic. The pyramid is founded upon the economic responsibilities of a business, as a basis for all other additional activities to occur, with legal, ethical and philanthropic tiers layered

#### **2.3.1 ECONOMIC RESPONSIBILITIES**

In relation to the primary responsibility of the firm is the economic aspect of CSR activities (Cronje and Van wyk, 2012). According to Blowfield and Murray (2011), this is the first measurement in CSR and this is the basic aim and objective of any corporation which is to provide the needs and wants of the society in the form of goods and services to be and profits realized in return. In order to assure the provision of dividend to the shareholders, quality and quantity of product of consumption and employment to all workers, the firm has to operate effectively and efficiently to generate profit. This can be achieved by creating a clear and elaborate CSR strategy that will save cost and will exploit

the corporation's strength and opportunities, thereby, better managing its risk and improving its brand image and stock value.

### **2.3.2 LEGAL RESPONSIBILITIES**

Many scholars have a similar view when it comes to the legal responsibilities of the corporation. They express some differences in the nature and scope of the activity but all agree on the adhering to the laws of the society. The legal dimension binds the corporation to act in certain ways and respect the rules and regulations of the society. This implies that corporations are under obligation to meet their economic objectives without breaking the law (Tucker, 2009). This prevents corporations from cutting corners and getting involved in activities like corruption which are very detrimental to the growth of the society. Talking about the nature of legal responsibilities on the one hand, some scholars argue that law and regulations is just a piece of the puzzle of a corporations responsibility to the society like Carroll (1991) pointed out that law and regulations are 'codified ethics' of the society and it is the corporations way of holding its end of the bargain in the social contract between it and the society. On the other hand, some scholars like De Schutter (2008), puts forward that, legal responsibilities should carry not only laws and regulations of the society but also standard CSR regulations of the markets and entire business environment as well. Lastly, other scholars claim that these activities are better left to be voluntary. Philips et al (2003) suggested that a change in the regulation is not needed to make this more effective but it all depends on the management of the corporation and the relationship between the management and the stakeholders.

### **2.3.3 ETHICAL RESPONSIBILITIES**

As a good corporate citizen, corporations are under obligation to operate ethically and morally beyond what is expected by the law (Schwartz and Carroll, 2003). Treatment of employees, consumers, the government, shareholders and other stakeholders has to be in accordance to their basic human rights. This is a voluntary way in which the corporation goes beyond legal responsibilities to further promote social goals which are not of direct

financial benefits to the firm. These responsibilities are the most difficult to accurately measure and accurately produce a report on because their importance is judged differently by the society and the corporation. The Kinder Lydenberg Domini (KLD) performance index is a way of evaluating these responsibilities. This index is used to measure most business performances which are highly controversial;

- Environmental issues; involving, climate change, operation and management and products and services.
- Social issues; involving, employee relations, human rights, diversity, product and community.
- Governance issues; involving, reporting and structure.
- Controversial business issues; involving, alcohol, contraceptives, gambling, and firearm. (KLD Research and Analytics, Inc. 2009).

#### **2.3.4 PHILANTHROPIC RESPONSIBILITIES**

The philanthropic dimension is directed by the firm as the society does not give a clear demand for the firm's philanthropic activities. Although it is at the corporations' discretion to choose how to carry out their philanthropic work but it is still highly expected of them as good citizens (Schwartz and Carroll, 2003). Corporations carry out these activities in varying capacities and directed towards different causes like education, community improvement and arts (Seifert et al, 2004). Following a 2014 survey by the Committee Encouraging Corporate Philanthropy (CECP), 71% of fortune 100 companies increased the amount they donated from the previous years. The scope of philanthropic work has greatly widened over the years from monetary to self giving of time to the community's benefits. The CECP reports that the memberships of global CEOs and their attendance of the annual CEO meetings attest to their support of the mission of the CECP: 'to lead the business community in raising the level and quality of corporate philanthropy' (CECP 2009b). This broad scope and attention being received from top executives indicate the extent of the business interest in corporate philanthropy. This interest earned corporate philanthropy a spot on the agenda of CEOs and produced a significant social pressure that mandated a

response from corporations. Philanthropic responsibilities are very important in developing countries because of the high poverty levels and it helps in building corporate reputation in the society.

## **2.4 EMPLOYEE LOYALTY**

Famous scholar Locke makes the most prominent definition of job satisfaction in 1976, which means “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences”. Many scholars hold the idea that the importance of discussion on job satisfaction is that job satisfaction can be used as organization warning index of medium-term, provide important references for the organization theory. Previous research has shown that job satisfaction and employee performances have a moderate positive correlation (for example, Perrewe, 1999). Numerous studies have showed that, people who are not satisfied with the work, will greatly affect their mood, thinking, judgment and other psychological states and also take a negative way to vent their discontent. Thus it is easy to decrease employees working efficiency, as well as lead them to perform below expectation and develop a reluctant behavior towards their task execution. Because satisfaction level is related to personal expectations and actual feelings, satisfied employees may be just the staff who have fulfilled their own needs and expectations, not necessarily the most dedicated and hard-working employee. Staw, Sutton Pel(1994) made one research about employee satisfaction levels through studying the performances of employees, and in the study, level of education, age, gender factors were conducted as control variables. The result of the research demonstrated that positive emotion was able to predict employee subsequent performances in the work. Similarly, Organ (1988) also found job performances and job satisfaction follow the social exchange theory: The employees decide how to return to the serving corporate according to their satisfaction from their works. Relevant studies consistently find, job satisfaction and the length of working have negative correlations (Locke, 1976). Employee satisfaction and performance are seen to affect employee commitment to the corporation.

The employee loyalty to the corporation refers to a kind of employee's attitude towards the corporate. The loyalty of the employee lies in the fact that the corporation can create a good environment for their employees, and can exert their advantages based on their foundations, so that each employee will gain a sense of belonging, or in another word to say, a "sense of ownership". It is usually defined as: employee has the recognition of their corporation and its objectives. Both of them have a common goal, and the staff holds an attitude to the enterprise that they want to maintain business membership. One research concluded that the staff loyalty to the enterprise is mainly reflected in the following three aspects: firstly, the staff is willing to promote the corporate where they work. That is to say, they often say something positive about the enterprise to others, who may join the enterprise, such as future colleagues, clients and potential clients. Secondly, the employees enjoy their working. Employees have a strong desire to stay in this enterprise, and they are willing to exert some positive effects on the enterprises. Finally, the staff is willing to devote. The employees are not only willing to dedicate themselves to the work, and also willing to do extra work hard in order to make business successful. Therefore, in fact, the loyalty of employees to the enterprises is a kind of commitment and investment that employee devotes their emotional and intellectual aspects to the enterprise, for example they will work hard and so on, and eventually these will have the positive effects on the corporate. Employees can go on to be committed and loyal to the organization only if they feel that satisfaction from the job.

## **2.5 RELATIONSHIP BETWEEN THE CORPORATION AND EMPLOYEES**

It is said "you can use money to buy a person's time, you can use money to make a person stay in a fixed place for a certain period of time, and you can use money to get others to do assigned tasks in a day or one hour. However, you cannot buy enthusiasm, loyalty, and can't buy the dedication with money. This manifests that the concept of management where the corporation does really put appropriate focus on employee attitude and satisfaction towards corporate goals has been difficult to adapt and meet the needs of the society. The corporation's management of employees is aimed at improving the corporation's performance (Carter et al, 1998). Hamel and Prahalad (1989) pointed to the fact that, it is

generally believed that support of the managers is necessary and usually a key driver for successful adoption and implementation of most innovations, technologies, programs and activities. Commitment from top managers' plays a vital role with the aim of ensuring complete excellence (Zsidisin and Siferd, 2001).

The managers of a corporation involving the top and the mid-level managers, need to provide much support in order to glue the whole system together to make sure implementation of environmental practices are successful (Carter and Easton, 1998). The enterprise management should focus more on the employees and treat them as centered.

Firstly, to strengthen the communication within the corporation and try to satisfy, motivate and build employee interest. People are the most precious resources of enterprise, and also the most unstable resources when they don't feel good, or feel unsatisfactory with the leadership, appear to have the discontent, resentment, or be suspicious of policy. On the other hand when they don't feel respected or they meet with problems and difficulties in the work, life, employees will be depressed or be absent-minded, which will directly affect their performances so that corporate performances will be influenced as well. Communication is the bridge of understanding and interaction is an exchange between people with different human emotions, thoughts, attitudes and opinions. Communication is also thought to be a complementary, harmonious and unified state of dynamic equilibrium activity through sharing the mutual feelings and thoughts. Managers should give out truth and love into the communication, that is to say, to build an open and sincere communication with employees. "Heart to heart" communications can form a strong cohesive force in the management of the organization, so as to reach the management goals, and achieve the perfect management status.

Secondly, it is important to identify the impacts of CSR initiatives on the staff. This also helps the enterprise management to more effectively implement the strategic decisions in this field. Strategic decisions are critical to the survival and development of enterprises, when we put the analysis of "impact on the staff" into the process of strategic decisions, one key point is to take care of the interests of employees. It is exactly what the concept means "to treat employee as the center". The analysis of "impact on the staff" can provide

a tool for balancing various factors and making critical decisions within the enterprise. "Analysis of influence on employees", can be carried out in the following order: analysis of the advantages and disadvantages of each action which may influence employees, research on employee rights and responsibilities; considering the short-term and long-term consequences of specific programs, then to make the final decision and judgment. Knowledge economy era is the era of competition for talent. The long-term development of enterprises depends on talents. To achieve competitive advantages on the background of the economic crisis, to remain invincible in the fierce market competition, to maintain the stable and sustainable development trend, the corporate must truly try to fulfill people oriented principles. To truly make people-oriented, the democratic rights and human rights, respect for employees have to be guaranteed, and the management must see people as valuable contributors to the growth of the corporate, and learn to undertake more social responsibilities.

## **2.6 MULTI NATIONAL CORPORATIONS IN CAMEROON AND CSR ACTIVITIES**

Multinational corporations (MNCs) are increasingly important actors in economic development. They currently account for 33% of world exports and 10% of world GDP. They are among the major contributors of global trade and social development. Previous research studies in international business have long argued against the ways MNCs use their economic power to solely improve economic conditions in the host countries. MNCs should be able to promote not only economic development but also sustainable development in the host countries (Moyeen and Huq, 2012). Most MNCs refer to their contributions to the host countries as corporate social responsibility (CSR). Technically, CSR refers to the relationship between business and society, where the role of business is purported to go beyond the provision of goods and services (Dunphy, Griffiths & Benn, 2007). CSR has become "the fact of life" among most MNCs operating in developing nations. The traditional neoclassical view of business, the cornerstone of capitalism, is that the role of business is to create and protect shareholder value, thereby driving economic and social development through profit maximization. Made famous by neoliberals such as

Milton Friedman, this dominant view of business as contributing to society through wealth generation is contested by those who argue that business must take on an expanded role in society in light of the increasing privatization of social and welfare services and the diminishing role of the state. Following the end of the Cold War, firms stepped into this vacuum and enabled by globalization, were able to accrue growing power and influence over global markets. Entering the twenty-first century, MNCs made up over half of the world's 100 largest economies. Wal-Mart's sales alone in 2007 eclipsed the economies of 114 countries. CSR proponents argue that with this power comes responsibility (Werbach, 2009).

Examining the involvement of MNCs in community development projects in Cameroon using fast moving consumer goods company like Guinness Cameroun S.A., British American Tobacco (BAT) and Mobile Telephone Network (MTN), it assesses the value of MNC-supported community development projects as an expression of demonstrating corporate social responsibility and legitimacy to operate at different regions of the country. This is undertaken within the context of growing demands from various stakeholders for multinational corporations to be more socially responsible. Yet despite the effort these MNCs are making to give back to communities, many people still believe that the main objective of these corporations is to exploit the economies of Africa in general and Cameroon in particular. The empirical domain is fast moving consumer goods companies (brewery, tobacco and mobile telephone companies) in Cameroon. The case studies are based in part on a series of interviews with key stakeholders in the brewery, tobacco and mobile telecommunications. The underlying approach adopted for this article has been to use all the information collected to provide a basis for MNCs and Cameroon to resolve the social issues that have plagued relationships between them.



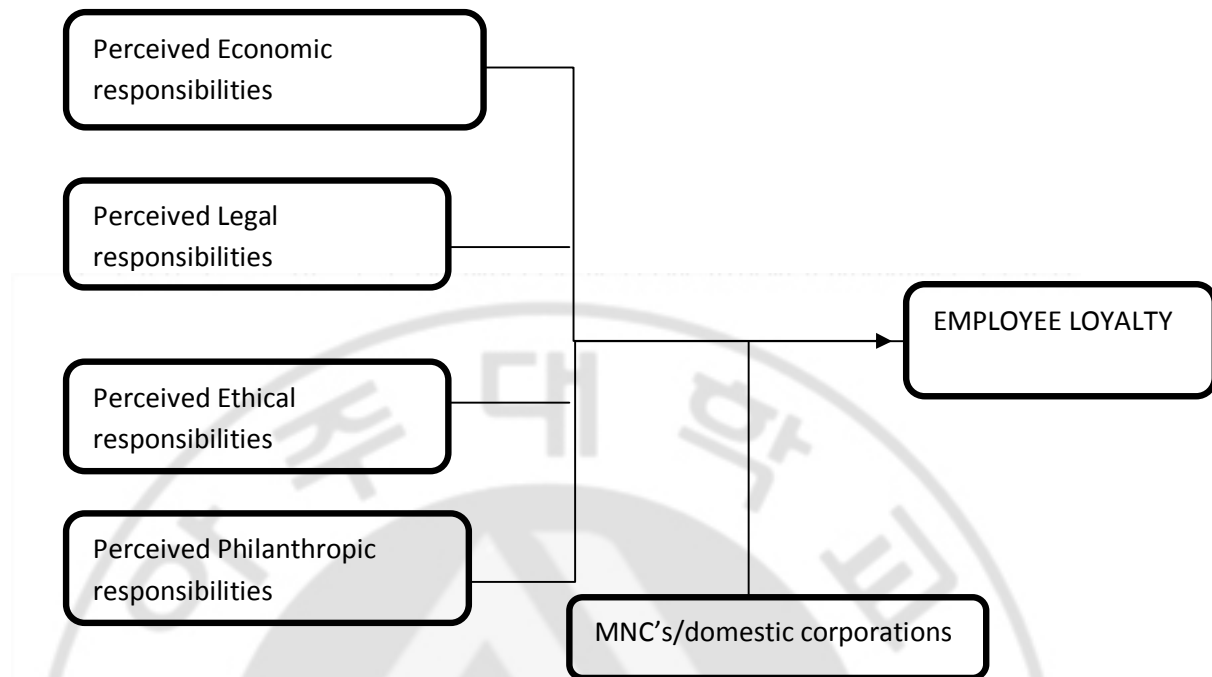
## **CHAPTER 3: METHODOLOGY**

### **3.1 RESEARCH MODEL AND HYPOTHESIS**

The research utilizes a quantitative approach to show the effects of CSR activities on employee loyalty in corporations in Cameroon, and explain the relationship between the independent variable which is CSR activities and dependent variable which is employee loyalty. The study will investigate the perception of the corporation by the employees as it assumes its philanthropic, ethical, legal and economic responsibilities and how it affects the relationship between the employee and the corporation and ultimately how it affects the employee's loyalty to the corporation.

Corporations that carry out CSR activities have much more attractive qualities than those that do not carry out these activities (Turban and Greening, 1997). Waddock and Graves (1997) stressed on the importance of policies about CSR activities. These policies are often low in cost but they improve centrality of employees to the corporation and bring about high productivity and a good impression.

After a review of previous literature on CSR activities, and Employee loyalty, the following model was developed by the integration of elements from Carroll (1991) pyramid of social responsibility, the stake holders theory (Freeman, 1984), Schwartz and Carroll (2003), Tucker (2009), employee retention through CSR in large scale organizations (Zafar et al 2014), impact of CSR on employee organizational commitment (Smith and Kumar, 2014), and CSR and environmental management (Zhu et al, 2014). The primary hypothesis was developed from the following conceptual model,



**Figure 1** Conceptual framework; the model of CSR activities in MNC's and domestic corporations and employee loyalty

### 3.2 HYPOTHESIS DEVELOPMENT

#### H1: MAIN HYPOTHESIS

*H1-1 perceiving economic responsibilities will have a positive relationship with employee loyalty*

*H1-2: perceiving legal responsibilities will have a positive relationship with employee loyalty*

*H1-3: perceiving ethical responsibilities will have a positive relationship with employee loyalty*

*H1-4: perceiving philanthropic activities will have a positive relationship with employee loyalty*

## **RELATIONSHIP BETWEEN ECONOMIC RESPONSIBILITY AND EMPLOYEE LOYALTY**

The review of the relationship between perceived economic activities and employee loyalty in literature still shows some mixed results due to the facts that corporations usually neglects the effects of this activities on the internal structure of the corporation. Firms attempt to align all CSR activities to the core objectives among which financial performance is a pillar for survival and growth of the corporation (Waddock, 2000). This implies that corporations get involved in effective and sustainable contributions to community with the view of enhancing their image to the consumer. As carrol and Bucholtz put it there is a change in trend from mere profitable activities to strategic economic activities. However this research this research considers the findings of Zhu, Sarkis and Lai in 2005, which show a positive relationship between strategic economic activities and employee loyalty. To identify the link, this hypothesis was developed.

## **RELATIONSHIP BETWEEN LEGAL RESPONSIBILITY AND EMPLOYEE LOYALTY**

According to findings of William and Barret (2000), the relationship between perceived legal responsibilities and employee loyalty is more significant for firms that violate rules and regulations mostly related to health and the environment. This therefore explains that legal responsibilities could be used as a springboard to protect the image of the corporation as perceived by the employee. The associate their values and public image to those of the firm and if the firm acts against the laws of the society, the employees are also seen as unlawful citizens. Follow this findings the research utilized the hypothesis below

## **RELATIONSHIP BETWEEN ETHICAL RESPONSIBILITY AND EMPLOYEE LOYALTY**

According to Hill and knowlton (2008), a fundamental element in the assessment of corporation attractiveness is its ethical activities. There are fewer rules and guidelines on how corporations should carry out ethical responsibility but the corporation has to come up with its own guide line on how they will operate in a diverse community. This is due to the

presence of multiple races, genders and religions of employees in a corporation. This research looks at previous work of Konar and McLaughlin (1996) which shows that the ethical activities the firms carries out has a positive effect on the employee's loyalty. Following this the hypothesis below was formed.

## **RELATIONSHIP BETWEEN PHILANTHROPIC ACTIVITY AND EMPLOYEE LOYALTY**

The relationship between perceived philanthropic activities and employee loyalty was investigated by Wartick and Cochran (1985), and they found out that, charitable contributions benefits employee's loyalty by improving employee wealth. They provided empirical data that suggest that, the rate of charity donation and the availability of a corporate philanthropic foundation have a positive association with the corporate reputation and this serves as a form of moral capital. This moral capital is generated when employees asses and evaluate the corporations actions.

### ***H2: MODERATION EFFECT***

*H2-1: The relationship between perceived economic responsibilities and employee loyalty will be stronger in MNC's than in domestic corporations.*

*H2-2: The relationship between perceived legal responsibilities and employee loyalty will be stronger in MNC's than in domestic corporations.*

*H2-3: The relationship between perceived ethical responsibilities and employee loyalty will be stronger in MNC's than in domestic corporations.*

*H2-4: The relationship between perceived philanthropic responsibilities and employee loyalty will be stronger in MNC's than in domestic corporations.*

## **RELATIONSHIP BETWEEN CORPORATIONS AND EMPLOYEE LOYALTY**

Employee loyalty is an important aspect that shapes a corporations success. It is even more critical to corporations, where employee contribution to the company is not immediately identifiable and the physical presence of an employee at his or her workplace does not

necessarily imply contribution to the company. According to Aityan and Gupta (2011), it is unrealistic to expect loyalty from another party without reciprocating loyalty to that person. In other words, while loyalty must come from employees, it is only generated by companies that show loyalty to its employees. In today's business environment, corporations depend on their employees more than at any other time in the past. This is particularly true in hi-tech, biotech, finance, and other market segments where employee contribution does not directly depend on the nominal time spent at work. This shows that for employees to remain loyal, the corporation must continuously carry out some activities that are benefiting not only financially but also builds the self worth of the employee in order to reciprocate its loyalty.

This research uses MNC's and domestic corporations as its moderation effect of employee loyalty and it suggests that MNC's will enhance employee loyalty more than domestic corporations. According to social identity theory, people tend to identify with an organization when they perceive that, it is highly prestigious and has an attractive image (Ashforth & Mael, 1989; Pratt, 1998; Tajfel & Turner, 1985). Most MNC's in Cameroon are from developed or more developed countries and they bring new systems and styles to execute CSR activities and it propels their image above domestic corporations. The economic success of most MNC's also brings about more prestige and attracts employees and they can easily identify with these organizations. According to Steele (1988) a person's identity drives their behavior. A person's identity sets them apart and also make them part of a group or organization (Erikson, 1966). Employees tend to identify more with MNC's because of the prestige and image that these organizations have. The stronger the employees identifies with an organization, the more they will undertake task that will be of benefit to the organization. Shared values, goals and objectives are usually used to measure how much an individual identifies with an organization (Reade, 2001) and in order for an individual to align their self-values and goals to that of an organization the have to be loyal to that organization.

### **3.3 QUESTIONNAIRE DESIGN**

A questionnaire was developed in order to collect quantitative data on CSR activities and employee loyalty. The questionnaire was developed using guide lines on literature regarding CSR activities and employee loyalty and it was established to national and multi-national corporations based in The Republic of Cameroon. It was distributed to employees of varying positions in the corporation. The target was to get a valid and reliable data to be able to make a concrete data analysis. The collection of data was mainly obtained from primary sources through a survey. The data was collected from corporations that willingly participated in the survey. The key point for the design of the questionnaire is to investigate on the basis of research objectives and also should be based on the investigation of the design features. We cannot set the question which cannot get an honest answer. Therefore, in order to design a scientific questionnaire,

Extensive literature research on CSR activities, stakeholder, relationship between the corporation and the stakeholder, and employee loyalty was done. Before the finalized questionnaire and data acquisition on a large scale was done, a preliminary questionnaire was made to test and evaluate whether the questionnaire design and the problems are appropriate, then according to the pre trial comments and suggestions were taken into consideration and a final questionnaire was formed for this study.

### **3.4 MEASURES**

#### **3.4.1 INDEPENDENT VARIABLE: Corporate Social Responsibility**

It refers to a business practice that involves participating in initiatives that benefit the society. It is both internal and external to the corporation and strives to benefit those in the company and the entire society.

The study employs the 4 dimensions according to Carroll (1991) which involve the philanthropic, ethical, legal and economical activities of the corporation and how they affect the internal and external environments of the corporation.

Internal CSR activities are initiatives that benefit the employees of the company. Internal CSR considers high commitment to human resources practices such as training, employee participation, labor issues and rights of workers, reduction of working risk, staff recruitment and retention. The internal CSR is not observed by consumers, and has no direct impact on consumer's utility function but such internal CSR has a positive impact on employee productivity and the efficiency and effectiveness of the company.

External CSR activities; these are initiatives that benefit the entire society which includes the consumers, competitors, and the government. These activities are directed towards the environment, the poor and less fortunate, special needs people in the society. These are observable by the society and directly impact consumers and also motivate employees and increase their productivity

#### **3.4.2 DEPENDENT VARIABLE: Employee Loyalty**

It refers to the general willingness of employees to invest their knowledge, skill and attitude for the good of the organization. Employee loyalty changes over time. It can be strengthened or diminished due to the activities of the organization and the inter relationship of the corporation and the employee. Employee loyalty is visible quantitatively and human resource management in organizations try to foster employee involvement, provides creative and responsive benefits and a communication pathway between the employee and the management and this improves willingness to work harder, and making the corporation a priority.

#### **3.5 ANALYTICAL TOOLS**

Statistical package for social science is software widely used and recommended for carrying out statistical procedures in the social science fields. SPSS has almost all statistical features available and suitable to perform quantitative analysis. To analyze the research data, I used IBM SPSS 21. Microsoft excel was sparingly used in some areas to comprehend the data.

### 3.6 SURVEY

A total of 250 questionnaires were administered to employees of varying positions in 35 corporations which are government, private and MNC in Cameroon and they generated a total of 210 responses and out of those 115 were complete, valid and used for further analysis. These questionnaires were administered both in print and online. The answered questionnaires were scanned (for the printed copies) and all sent online before they were analyzed. The research had a noticeable number of drop-outs or incomplete questionnaires. This was primarily due to the lack of a CSR structures in corporations that will help to guide the direction of this activities and that will educate the employees on how this activities should be carried out and evaluated. The incomplete questionnaires were not used also due to the fact that there may be bias in the results since some activities will not be evaluated as much as others but would both be of the same magnitude when generalizing and analyzing the results

**Table 1: POPULATION ANALYSIS OF THE RESPONDANTS**

Demographic	Classification	frequency	percentage
Sex	Male	77	67.0%
	Female	38	33.0%
Total		115	100%
Age	21-30	24	20.9%
	31-40	56	48.7%
	41-50	25	21.7%
	51>	10	8.7%
Total		115	100%
positioning	General staff	87	75.7%



	Mid-level and Senior managers	28	24.3%
Total		115	100%
Nature of corporation	Domestic corporation	51	44.3%
	MNC	64	55.7%
Total		115	100%
Number of year working in corporation.	<5	28	24.35%
	6-10	61	53.04%
	11-20	22	19.13%
	21>	4	3.48%
Total		115	100%
Life of establishment	5<	20	17.39%
	6-10	65	56.52%
	11-20	20	17.39%
	21>	10	6.45%

The subjects of population is shown in the table, 115 samples collected, mainly dominated by men, up to 77, this accounted for the total 67.0% of the employees and women were 38 and accounted for 33.0% of the staff.

The age distribution of the population is; young staff, the 21-30 age group, 24 persons, accounting for the total proportion of 20.9%, most dominant group was between the ages of 31-40 which accounted for 56(48.7%) , the age group of 41-50 made up of 25 persons (21.7%) while there were 10(8.7%) correspondent over the age of 51.

The respondents who are low level employees were 87(75.7%), and 28 (24.3%) of the sample is in the position of top managers.

The companies were both domestic and MNC's. 51 respondents worked for domestic corporations which made up (44.3%) of the samples, while 64 respondents worked for MNC's which made up (55.7%). The employees of these corporations have been working there for some time and compiling this data we found out that, 28(24.35%) employees have worked in the corporation for less than 5 years, 61(53.04%) employees have worked for 6-10years in the corporation, 22(19.13%) employees have worked for 11-20 years and only 4(3.48%) employees have worked in the corporation for more than 20 years.

Lastly, most of the establishments were young comprising of 20(17.39%) enterprises under the age of 5, 65(56.52%) enterprises between the ages of 6-10, 20(17.39%) enterprises between the ages of 11-20 and only 10(6.45%) enterprises above the age of 20.



## CHAPTER 4

### 4.1 FACTOR ANALYSIS

Factor analysis which is a technique for identifying groups or clusters of variables was conducted. Factor analysis can be used to (1) understand the structure of a set of variables; (2) to construct a questionnaire to measure an underlying variable and (3) to reduce a data set to a more manageable size while retaining as much of the original information as possible. In addition, factor analysis makes it possible to perform a cluster analysis.

The Kaiser-Meyer-Olkin measure of Sampling Adequacy (KMO) and the Bartlett's measure test of sphericity provide insights in the correlation of variables. With the KMO, a value close to .5 is recommended. Values between .5 and .7 are acceptable; values between .7 and .8 are good and values bigger than .8 are preferable.

**Table 2: factor analysis of perceived CSR activities and employee loyalty**

Construct	Indicator	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Economic responsibilities	ECN1	.729				
	ECN2	.692				
	ECN3	.736				
	ECN4	.795				
	ECN5	.791				
	ECN6	.624				
Legal responsibilities	LGL1		.721			
	LGL2		.632			
	LGL3		.652			
	LGL4		.756			
	LGL5		.775			
	LGL6		.781			
Ethical responsibilities	ETH1			.858		
	ETH2			.817		

	ETH3			.611		
	ETH4			.698		
	ETH5			.700		
Philanthropic responsibilities	PHIL1				.802	
	PHIL2				.796	
	PHIL3				.807	
	PHIL4				.775	
	PHIL5				.773	
	PHIL6				.704	
Employee loyalty	EMPL1					.871
	EMPL2					.532
	EMPL3					.672
	EMPL4					.845
	EMPL5					.747
	EMPL6					.695

The combine Kaiser-Meyer-olkin (KMO)= .683 for all the construct. This value is acceptable and proves that the construct and samples are adequate for analysis.

## 4.2 RELIABILITY ANALYSIS

Reliability analysis: Before doing mathematical statistics, we need check the sample data if necessary. The smaller the error about high or low reliability in measuring tool response consistency or stability characteristics is, the higher reliability is. We always take Cronbach's  $\alpha$  coefficient as the index testing sample data reliability to measure the consistency among the items the same concept .In a general way, if the index is larger than 0.70,it means sample data can pass reliability analysis (Li, 2004). If the index is smaller than 0.70 and larger than 0.35, we can preserve it. On the contrary, there is no doubt that we give up the statics, if the index is smaller than 0.35. Our study does Reliability analysis on sample data got from questionnaires by testing related questions to each Variable by Cronbach's  $\alpha$  coefficient.

**Table 3: shows the reliability of questionnaire using Cronbach's alpha coefficient**

Features	Number of items.	Cronbach's alpha coefficient
Economic responsibility	6	.719
Legal responsibility	6	.830
Ethical responsibility	5	.893
Philanthropic responsibility	6	.764
Employee loyalty	6	.912

#### 4.3 CORELATION ANALYSIS

**Table 4: Summary of basic statistics such as mean, standard deviation and the minimum and maximum values of each of the variables**

Variables	Mean	Standard deviation	VIF	1	2	3	4	5
Economic responsibility	3.1377	.60300	1.563	1				
Legal responsibility	3.6739	.55963	1.223	.676**	1			
Ethical responsibility	3.9722	.60686	1.135	.554**	.693**	1		
Philanthropic responsibility	3.7043	.50514	1.129	.558*	.676*	.603**	1	
Employee loyalty	3.7928	.66232	1.272	.576**	.683**	.723**	.589*	1

Note: n=115, p=1, \*p<0.5, \*\*p<0.01, \*\*\*p<0.001

Descriptive statistics and correlation can be found in the above table 3. An inspection of the correlations reveals that the relationship between economic dimension of CSR activities is positively related to employee loyalty ( $r = .576$ ,  $p < .01$ ) (Mean = 3.1377, standard deviation = .60300), the legal dimension of CSR activities is positively related and significant with employee loyalty ( $r = .683$ ,  $P < 0.01$ ) (Mean = 3.6739, Standard deviation = .55963), the ethical dimension of CSR activities is positively related and significant to employee loyalty ( $r = .723$ ,  $P < .01$ ) (Mean = 3.9722, Standard deviation = .0.60686), and the philanthropic dimension of CSR activities is closely related to employee loyalty ( $r = .589$ ,  $p < 0.05$ ) (Mean = 3.7043, standard deviation = .50514).

A linear relationship can be captured by drawing a straight line on a disperse plot between the two variables of interest (DeCoster, 2004). To determine the how strongly related the variables are, considering that the economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibility can each have an effect on the implementation of the other and on employees loyalty, we use Pearson's product-moment correlation coefficient.

The correlation coefficient ranges from  $r = -1.0$  to  $+1.0$  and when  $r$  is closer to  $-1$  or  $+1$ , which means the two variables are closely related (Coakes, 2005:18). From the correlation coefficient table we can see that the correlation values are higher than ( $r = 0.5$ ) between the variables and it is in the range of medium and medium high. Being in the medium and medium high shows how closely related this variables are. They are closely related and are inter-twined at some points since they are all different dimensions of CSR activities. The correlation values between variables is less than ( $r = 1$ ) which indicates that the respondents understands the slight difference and uniqueness of each variable although they are inter-twined.

In order to guarantee the validity of the regression analysis, the variance inflation factor VIF value to determine the variables are the presence of severe multiple divergent wins, the critical standard is VIF 10 in addition according to the DW value to determine whether there is correlation problem. According to the data in the table, the variance inflation factor

VIF Values between 1.135-1.563, far less than the critical standard of 10, prove that there is no serious colinearity problems.

#### 4.4 HIERARCHICAL REGRESSION ANALYSIS

**Table 5: hierarchical regression with control variables in MNC's**

	Model 1 B	Model 2 $\beta$	Model 3 $\beta$
Age	.312	.177	.314
Gender	.194	.095	-.186
Position	-.056	-.129	.003
Economic responsibilities		.028	.102
Legal responsibilities		.107	.118
Ethical responsibilities		.147**	.070*
Philanthropic responsibilities		.239***	.135***
MNC's/Domestic corporations		.162**	.141**
Economic resp* MNC's/DC's			-.063
Legal resp* MNC's/DC's			.132**
Ethical resp*MNC's/DC's			.121
Philanthropic resp*MNC's/DCs			.210
R squared	.032	.262	.375
Change in R squared		.230	.113
Change in F value	2.821	12.537**	10.412**

1) Dependent variable: employee loyalty. Independent variable: corporate social responsibilities.

2) Gender: male (1), female (0); MNC (1), domestic (0)

3) N=115, \*p<0.5, \*\*p<0.1, \*\*\*p<0.001

## 4.5 HYPOTHESIS ANALYSIS

### MAIN HYPOTHESIS

As table 4 showed that  $\Delta R$  square was .230 and significant from model 1 to model 2, the main effects between independent variables and dependent variables existed. From the perception of CSR activities the hypothesis were supported as below.

The relationship between the perception of more positive economic responsibilities and employee loyalty was positive but not significant ( $\beta = .028$ , ns). Therefore hypothesis H1-1 was not supported. This shows that when employees perceive more economic responsibilities carried out by the corporation their loyalty is not strengthened they may appreciate this activity as it may affect them financially but it does not affect their loyalty to the corporation.

Also, the relationship between perception of more legal responsibilities and employee loyalty was positive but not significant ( $\beta = .104$ , ns). Therefore hypothesis 1-2 was not supported. This shows that when employees perceive more legal responsibilities carried out by the corporation, they appreciate and may take part in such activities as it may affect them and their community in a positive way but this does not strengthen their loyalty to the corporation.

Furthermore, the relationship between perception of ethical responsibilities and employee loyalty was positive and significant ( $\beta = .147$ ,  $p < .01$ ). Therefore hypothesis 1-3 was supported. This goes to show that, the perception of ethical responsibilities goes further than making the employees contented but it also makes them associate themselves more with the corporation and the corporate agenda and will try to further this agenda to the best of their ability.

Finally, the relationship between the perceived philanthropic responsibilities and employee loyalty was positive and the most significant ( $\beta = .239$ ,  $p < .001$ ). Therefore hypothesis 1-4 was supported and this was the most significant of all and it shows that its perception greatly strengthens and reinforces the loyalty of the employee. This shows that



when the employees perceive more this activity, even with minimal perception of the other activities their loyalty will be strengthened.

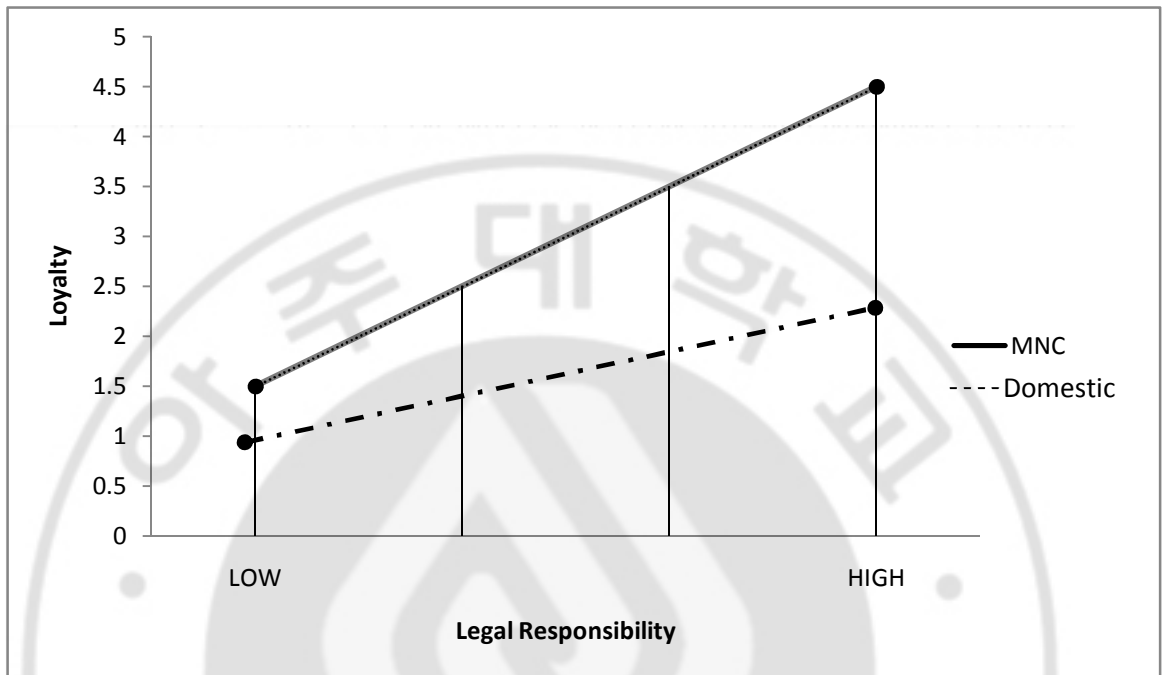
### **MODERATION EFFECT**

The table above showed that  $\Delta R$  square was .133 and significant from model 2 to model 3. This shows that the moderating effect of multinational and domestic corporations has a relationship with corporate social responsibility and employee loyalty.

Firstly, the relationship between the perception of more positive economic responsibilities and employee loyalty was negative ( $\beta = -.063$ , ns). This shows that the economic responsibilities did not affect the loyalty of employees in MNC's than in domestic corporations. Rather, the employee in the domestic corporation's loyalty was strengthened more than employees in MNC's. Therefore, hypothesis H2-1 was not supported.

On the other hand, the relationship between perception of more legal responsibilities affecting employee loyalty in MNC's than domestic corporations was positive and significant ( $\beta = .132$ ,  $p < .01$ ). Therefore hypothesis H2-2 was supported. This shows that when this activity is perceived by the employee, their loyalty is more strengthened in MNC's than in domestic corporations. This can be seen in the graph below.

**Figure 2: moderation effects of MNC and domestic corporations on legal responsibilities.**



Also, the relationship between perception of ethical responsibilities affecting employee loyalty in MNC's than domestic corporations was positive but not significant ( $\beta = .121$ ,  $p < ns$ ). Therefore hypothesis H2-3 was not supported. This shows that when employees of MNC's perceive more ethical responsibilities their loyalty to the corporation is not strengthened more than employees of domestic corporations.

Finally, the relationship between the perceived philanthropic responsibilities affecting employee loyalty in MNC's than in domestic corporations was positive but not significant ( $\beta = .210$ ,  $ns$ ). Therefore hypothesis H2-4 was not supported. This shows that the employees of MNC's loyalty were also strengthened when they perceived this activity but not any more than the employees of a domestic corporation.

## **CHAPTER 5: DISCUSSION AND CONCLUSION**

### **5.1 DISCUSSION**

The hypothesis H1-1 and H2-1 examines the positive influence of economic performance on employee loyalty in corporations. As shown in table4. Consequently, H1-1 is supported in this research and it is consistent with the proposed effects according to Cronje and Van wyk, (2012). These findings demonstrate that the corporations should strive to innovate and invest in their business activities in order to be successful economically. This is the most essential domain as its success ensures continuity of the corporations. Cameroon has a vision for poverty elevation by 2035; this vision is used by the government to propel state owned corporations to adopt more economic activities to increase their revenue and to grow the domestic market. Growing this market and their revenue enables them to be in a better position to compete with the MNC's and the international market.

Secondly, the hypothesis H1-2 and H2-2, suggests that as the corporation employs legal responsibilities in its administration it will continuously grow the loyalty of the employees. This suggests that when the corporation follows the rules and regulations of the community the employees build a stronger bond and relationship of confidence with the corporation as stated by Carroll (1991). In a growing economy like that of Cameroon, corporations are at the fore-front of the growth and expansion of the market. Acting in line with the laws and regulations of the society prevents and limits practices of corruption and bribery that have been seen to ruin growing economies. The results show that, corporate employees understand why it is essential to follow the guard lines and since most employees are from these communities they would not like to tarnish the reputation of their corporation in their society.

In addition, hypothesis H1-3 and H2-3 emphasizes that increase in ethical practices by the corporation increasingly strengthens the employees' loyalty to the corporation. This also supports the hypothesis as, an ethical work climate increases employee attachment to the corporation, and raise up the positive attitude and performance from employees, (Sims and Keon, 1997). Employees of this day and age in Cameroon are more aware of how the

corporation has to treat them and the consumers. This dimension is least linked with generating revenue directly but is essential to build employee satisfaction and corporate reputation. With the ongoing fight against forced labor, and with a high unemployment rate of Cameroon, corporations may want to use this as an advantage to underpay their employees. This may increase their turnover rate and will ruin their corporate reputation.

The final hypothesis H1-4 and H2-4 investigated the impact that philanthropic activities of the corporation have on the loyalty of the employees. Considering that this is a major factor today in developing countries like Cameroon, the tables above show that. This hypothesis was supported and consistent with previous studies by Schwartz and Carroll,( 2003) which urges corporations to act as good citizens and assisting the communities in which they are found. This is one of the most visible aspects of CSR activities in developing countries including Cameroon. This is mainly giving back to the community either in “time” or “money”. With the absence of highly innovative and affordable medical services in Cameroon, the death rate from terminal illnesses is high and so corporations help fund some programs to provide assistance. They also help to provide better public services for disable people. Some corporations run charities to help with various causes in the community. These activities require direct interaction between the corporation and the society and the employees are mostly involved in running these activities. They get a sense of belonging in their society and because they are effecting a positive change, this builds their loyalty as they see the corporation as a medium through which they can help their society grow. All this grows the reputation of the corporation and it puts it a step in-front of its domestic competitors in the market for labor and products and services.

## **5.2 CONCLUSION**

The dissertation expands further and gives new insight to CSR activities in Cameroon and shows how corporations should separate CSR activities into the various (economic, legal, ethical and philanthropic) dimensions and exploit them individually and extensively to propel the corporate agenda and build employee loyalty. The increase in the number of

MNC's in Cameroon has seen competition levels grow exponentially and corporations strive to acquire top performing and loyal employees to be able to gain competitive advantage therefore, CSR activities should be utilized as a corporate strategy since it will grow and build employee loyalty.

CSR activities have been around almost as long as businesses have been but there has been continuously reluctance to invest and grow them to not only help the community but also the corporation. Globally, business continues to innovate and create a complex for corporations, there is a decrease in State control and influence over corporations and this has prompted an increase in concerns of corporate survival. These have enabled corporations to strive to attain stakeholders support and loyalty (Klein, 1999). In order to attain employee and other stakeholder's loyalty, corporations should invest more time and resources to build corporate social responsibility activities.

This study presents several practical and theoretical implications to CSR and employee loyalty to a corporation and can be regarded as a foundation for future relevant research on CSR initiatives of businesses in Cameroon and Africa as a whole. Africa has presented its self as the new economic frontier, and with Cameroon striving to become an economically emerging nation, various types of enterprise can benefit from the complexity of CSR activities to benefit their improvement in a competitive market. This study is obviously also essential to non-profit making organization.

Through the study, some new issues appeared to be interesting to be followed in the area of CSR initiatives, like social explanations and employee engagement. According to the findings, these two variables played an important role in employee expectations. So it is worthwhile to study their moderate effects on the relationship between CSR initiatives and employee performances through other qualitative research.

Investing in CSR activities can maximize the market value of the corporation (Mackey, Mackey and Barney, 2005) since most of the activities can be observed by the community which is an integral part of most markets especially when dealing with consumer products. The employee perception of CSR activities affects their commitment to the corporation positively (Lee, Park and Le, 2012). And employees tend to acquire higher job satisfaction

when they perceive a high level of their corporation's CSR efforts (Hsieh and Chan, 2002). So it is necessary for top management to work seriously on CSR initiatives so as to bring about positive impacts on the corporation.

This paper is expected to raise the awareness of CSR initiatives among enterprises in Cameroon. Apparently it is not easy to survive the fierce business market especially when competing with MNC's that have a considerably deep pool of experience and a large capital. As Dowling (2001) advised, it is always necessary to consider different points of views of various stakeholders. However, the businesses in Cameroon most often, focus on the needs and interests of investors and clients. The needs and interests of internal employees and local communities are less paid attention to by the corporate.

It is critical for the enterprises to setup related strategies of CSR activities through knowing the different perspectives of employees as they are very important stake holders. This study helps the corporations realize the positive impacts of CSR activities on employee loyalty as they make efforts to decrease employee turnover rate and attract potential new talents. The motivation effects of CSR activities on employees need to be more widely recognized among businesses in Cameroon. Hopefully, this paper as expected can promote the development of CSR activities and elaborate on employee loyalty.

### **5.3 LIMITATIONS**

There are certain identified limitations existing in this study. And fortunately the results of this study highly support the preliminary assumptions and hypothesis. The whole research lasted for several months through a series of techniques, interviews, and questionnaires.

Top positioned employee may have biased views or controversial responses since they may want to protect corporate interest because they are involved in the decision processes of the organization.

All the participants that took part in the interviews were selected from the junior staff. So the collected data appeared to be homogeneous because of the lack of participation of corporate management. Otherwise the interviewer expected to obtain all the valid

information and make the process as efficient as possible, the contrary evidences seldom emerged (Yin, 2011).

Moreover during the discussions, the personal feelings and inclinations must have led to certain bias in the final outcomes because the perspectives of Individuals were very subjective because some individuals felt a little differently when they were living in the community where the CSR activities took place or if they had any ties to this community.

The study was centered only on corporations that take in CSR activities forgetting corporations that carry out little or no CSR activities and in the questionnaire, 5-Likert scales were adopted to reflect different degrees of respondents' answers, however it is still limited, so more options should be suggested to acquire more accurate response.

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## QUESTIONNAIRE

### THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES OF BUSINESSES ON EMPLOYEE LOYALTY THE CASE OF CAMEROON

Dear participant;

This questionnaire is academically oriented and your result will remain anonymous. There is no right or wrong answers and you may stop at any point, however your time (approximately 5-10) minutes in completing the survey will be highly appreciated.

Author;

Graduate School of International Studies

Ajou University, Suwon, South Korea.

Please respond by using an “X”

1. Name of respondent;

2. Age of respondent;

3. Sex of respondent; Male [ ] female [ ]

4. Domain of organization; Public Sector [ ] private sector [ ] MNC [ ].

5. Your present position in the company;

6. How long have you been working for the company?		“X”
	5years or less	
	6-10 years	
	11-20 years	
	21 years or more	

7. life of the establishment		“X”
	5 years or less	
	6-10 years	
	11-20 years	
	21 years or more	

Please answer by putting “X” on

(a) NO (b) Somewhat (c) YES

8.		(a)	(b)	(c)
	CSR should be an obligation to businesses			
	Governments should provide an organizing body to guide organizations in carrying out CSR activities.			
	There should be more public recognition and appreciation given to organizations that carry out CSR activities.			
	The organization should make an extensive assessment of the impact of its CSR activities on its stakeholders.			
	The organization should dedicate a unit to handle CSR activities.			

Does CSR activities:

9.		(a)	(b)	(c)
	Enhance the employee willingness to improve performance?			
	Improve overall image of the organization?			
	Improve organization culture such as building unity?			
	Resolve or prevent social issues at work?			
	Have an impact on central or local governments?			

From questions 10-15 place an X where appropriate under the response ranging from strongly disagree to strongly agree.

10. perception of economic responsibilities					
	Strongly disagree	disagree	neutral	agree	Strongly agree
The corporation offers quality and innovative products.					
The corporation offers products at affordable prices to the consumers					
Promotion events are done for new products to enable customers to sample them.					
Products are delivered to consumers quickly and safely without damage.					
Employees are properly compensated for their services to the corporation					
The corporation ensures the provision of retirement benefits to all employees					

11. perception of legal responsibilities					
	Strongly disagree	disagree	neutral	agree	Strongly agree
No underage labour is being utilized by the corporation.					
Workers are able to create unions to effect collective bargaining with the corporation					
The corporation treats employees in accordance with their basic human rights					
Products are licensed and inspections are regularly done by external parties.					
The corporation uses appropriate channels to obtain resources and sell their products.					
The corporation enforces employee codes as stated by the society.					

12. perception of ethical responsibilities					
	Strongly disagree	disagree	neutral	agree	Strongly agree
Promotions and rewards in the corporation are based on performances					
The corporation is tolerant and considerate of employee's culture.					
the corporation provides the same goods and services to customer of every class in the society					



The corporation ensures proper disposal of the waste product.					
The consumers are made aware of the components of the products that they consume.					

13. perception of philanthropic responsibilities					
	Strongly disagree	disagree	undecided	agree	Strongly agree
The corporation ensures employee health and safety at work.					
Seminar are organized by the corporation to educate the community and its employees					
The corporation supports the society through charitable giving					
Disable facilities are provided by the corporation to both employees and customers					
The corporation helps assist the community in providing portable water, drainages and roads.					
The corporation controls and limits its pollution of the community					

14. employee's actions towards the corporation					
	Strongly disagree	disagree	undecided	agree	Strongly agree
proactively ask to do additional work to help the corporation achieve its goal					
Actively contributes to generate new ideas, suggestions to improve the company's business					
Always look for opportunities to help others, share experiences and knowledge					
Always willing to take challenging task and never say 'no'					
Never hide issues, or other information from the superior or other employee					
Follows corporation polices, principles and discipline without fail and sets an example.					