

Corporate Social Responsibility (CSR) among SMEs in Cameroon: Entrenching Environmental Conservation within Small Business

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ICBE POLICY BRIEF



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EXECUTIVE SUMMARY

The aim of this study is to evaluate the practice of Corporate Social Responsibility (CSR) by managers of small and medium enterprises (SMEs) in Cameroon. More specifically, it aims to analyse the ecological behaviour of managers of SMEs, identify the determinants of the adoption of environmental dimensions of CSR (e-CSR) measures and examine the intensity of SMEs' involvement in e-CSR. Evidence from our analyses points to the fact that environmental protection is not yet a priority for managers of SMEs in Cameroon.

There are several ways to increase the practice of environmental CSR amongst SME managers, including establishing a department in charge of environmental issues within the SME, conducting environmental impact studies, and acquiring "clean equipment."

INTRODUCTION

Enterprise is commonly defined as a set of combined factors, whose activity leads to the production of goods and provision of services sold in a market. In the economic theory of the firm, little attention is paid to social or environmental concerns. Today, however, corporate behaviour demonstrates that the protection of the environment is an essential part of its production strategy and realisation of profits.

According to Björn Stigson, the President of the World Business Council for Sustainable Development (WBCSD), the new role of business is to «save the world.»

In recent years, there has been a harmonisation of the traditional goals of the enterprise and the protection of the environment, with the rise of the concept of «Corporate Social Responsibility (CSR).»

The idea behind the concept of CSR is "Moralise capitalism in order to build a better world," but to date, very few studies have been conducted on the implementation of CSR in developing countries.

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In Cameroon, the practice of CSR is critical in that the important environmental aspects are often neglected by industrial enterprises (Spence et al 2008). Despite the positive impacts of the industrial sector in economic and social development, we should consider its contribution to environmental degradation. This necessitates greater environmental conservation. Indeed, affluent discharges by different industries contribute in an undeniable way to the ruin of the environment. It therefore seems necessary to evaluate the practice of the environmental dimension of CSR (e-CSR) among SMEs based in Cameroon. Such an evaluation would guarantee the protection of the environment, as well as sustained growth of SMEs and therefore, development.

This study evaluates the practice of e-CSR by managers of SMEs in Cameroon. More specifically, it aims to analyze the ecological behaviour among SME managers in Cameroon, identify the determinants of the adoption of e-CSR measures in SMEs, as well as the determinants of the intensity of SMEs involvement in e-CSR.

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THE THEORETICAL FRAMEWORK OF THE RESEARCH

The concept of CSR

A Green Paper by the European Commission defines CSR as «the voluntary integration of social, environmental and economic society as a whole in the management and strategy of the enterprise, their business and their relationships with stakeholders.»

CSR therefore relates to activities that contribute to sustainable development to ensure the sustainability of the enterprise. Today, it should occupy an important place in the heart of any business plan.

The concept of SMEs

Cameroonian law defines an SME as an enterprise with less than 100 employees whose net annual

sales revenue does not exceed one billion CFA (Central African Francs) or USD 2,000,000. In fact, SMEs are a set of very small or micro enterprises, small and medium-sized enterprises. In Cameroon, a very small enterprise is an enterprise that has less than five employees and net sales revenue not exceeding 15 million CFA (USD 30,000). A small enterprise is an enterprise whose employees vary between six and 20 with a net annual turnover between 15 and 100 million CFA (between USD 30,000 and USD 200,000). Finally, a medium-sized enterprise in Cameroon is an enterprise with employees between 21 and 100 with net annual turnover (sales revenue) more than 100 million CFA but not exceeding one billion CFA (between USD 200,000 and USD 2,000,000).

Implementation of CSR in business

Approaches to e-CSR can take many forms both internal and external to the enterprise. These steps can be summarised as: rationalisation of energy consumption, use of renewable energy, development of a strategy for waste management, eco-design and becoming ISO certified for good environmental management practices (ISO 14001). The theoretical factors that may influence the adoption of CSR in business include the localisation of the enterprise, education level of the manager, sector of activity of the enterprise and the gender of the manager. Other factors include the number of permanent employees, social capital, size of the enterprise, values upheld by the manager, age of the enterprise, legal status of the enterprise, acquisition of ecological equipment by the enterprise, the nationality of the manager and the presence of environment department in the enterprise.

RESEARCH METHODOLOGY

The data used in this study was obtained from the Census Survey Enterprises (CSC) conducted by the National Institute of Statistics (NIS) in Cameroon in 2008 and published in 2009. From the database, a total of 277 SMEs who answered questions related to 'environmental protection and disaster prevention' in the NIS/GEC (2009) questionnaire were selected. In this study, we consider as SMEs, all enterprises (in the industrial sector), with less than 100 employees and whose net annual turnover does not exceed one billion FCFA (USD 2,000,000). We use a binomial Logit model for our analysis (Poussing & Le Bas 2010; Cabagnols & Le Bas 2008).

THE RESULTS: THE ECOLOGICAL BEHAVIOUR OF MANAGERS OF SMES IN CAMEROON

Only 18 percent of managers sampled have policies for environmental protection within their SMEs. Ten percent of SMEs in our sample have a department in charge of environmental protection. Only 12 percent of the SMEs had conducted studies in 2008 for the protection of the environment. These results show the lack of interest of managers of SMEs in the protection of the environment. SMEs interested in the protection of the environment are headed by managers who mostly have a higher education degree. This can be explained by the fact in higher education, environmental problems are the subject of specific courses. SMEs are also relatively young, what shows that the "old" SMEs don't make enough effort to appropriate the new technologies, which are mostly «clean.»

From the study, more than 89 percent of SMEs in our sample did not invest in research and development, and even less in technological innovations. The results show that few small businesses have a classified installation for environmental protection or a service in charge of environment. Two main reasons can explain this lack of interest: first, although there is a 'going green' policy framework in Cameroon, its implementation does not seem to be effective.

SMEs are therefore free to make decisions without feeling obliged to take into account the effects of their activities on the environment. Secondly, Cameroonian consumers are not sensitive to bio labels.

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DETERMINANTS OF THE ADOPTION OF E-CSR MEASURES IN SMES IN CAMEROON

The study found out that only 13 percent of SMEs in our sample invest in environmental protection. The average investment in environmental protection is about 489,184 FCFA (USD 1,000). This value hides a huge disparity in the answers. Indeed, minimum investment is estimated at 2,000 FCFA (USD 4), while the maximum reached 32,641,000 FCFA (USD 65,000).

However, the fact that SMEs do not invest in environmental protection does not necessarily mean they do not take into account the environment in their production strategies, as some of them say they have invested in the clean input, wastewater management, solid waste management, noise and vibration management, and air and biodiversity management, but fail to specify the amount invested.

The results from a sample of 277 SMEs in Cameroon show that the adoption of e-CSR measures is negatively influenced by: the low education level of the manager, the "individual enterprise" legal status of the enterprise, and the high social capital of the enterprise. Adoption of e-CSR is positively influenced by: the presence within the enterprise of a classified facility for the environment protection, the presence of a department in charge of environment, and enterprises that are already conducting studies in order to protect the environment from their activity.

Managers with a secondary school education level appear unwilling to pay for the implementation of a measure of e-CSR within their enterprise. This could be explained by the fact that environmental issues are not included in the teaching programs of secondary schools.

The presence of a classified installation for environment protection within an enterprise has a positive impact on the probability to invest in environmental protection at the threshold of one percent. Indeed, the amount of the investment in environment within the enterprise can be measured with the acquisition of “clean equipment.” However, the quality of the installation determines the amount invested.

The existence of the environment department within an enterprise has a positive impact on the probability to invest in environmental protection at the threshold of ten percent. Indeed, the existence of the environment department reflects the interest for environment protection. An environment department facilitates the recognition and the management of enterprise expenses related to the environment.

The studies, within the enterprise, in order to protect the environment against the adverse effects of their activities increase the probability to invest in environmental protection at the threshold of one percent. This result is explained by the fact that only acceptable ecological behaviour of a manager can motivate him or her to invest in environmental studies.

The individual enterprise reduces the probability for its manager to invest in environmental protection at ten percent. If the number of individual enterprises increases by ten percent, then the probability to invest in environmental protection will decrease by 0.02 percent. This reflects the fact that enterprises with only one partner invested less in environmental issues.

Within an enterprise, the higher the social capital, the less its manager invests in environmental protection. The variable «social capital» is indeed negative at the threshold of one percent. This result explains why, in our sample, 69 percent of small enterprises have «clean» equipment, against only 31 percent of medium-size enterprises; within the hypothesis that the social capital is positively correlated with the size and the turnover of the enterprise.

CONCLUSIONS

The main objective of this research was to evaluate the practice of the environmental dimension of the CSR SMEs industry based in Cameroon. We first analysed the ecological behaviour of managers of SMEs in Cameroon. We then identified the determinants of the adoption of e-CSR measures in SMEs. Finally, we identified the determinants of the intensity of SMEs involvement in e-CSR.

Following this, we were able to conclude that environmental protection is not yet a priority among the managers of SMEs in Cameroon. This is despite the knowledge among some of them of the negative effects of their activities on the environment.

This study also found out that the adoption of e-CSR measures among SMEs in Cameroon is positively influenced by the presence within the enterprise of a classified facility for environmental protection. Other factors that influence adoption of e-CSR include the presence of an in-house department in charge of environment and the practice of conducting studies in order to protect the environment from its activity.

In instances where a foreigner manages the SMEs, the manager’s nationality influenced uptake of e-CSR.

Other factors that influenced the intensity of engagement of SMEs in e-CSR include the use of the research from research centres, as well as SME’s own initiative to invest in “research and development” activities.

RECOMMENDATIONS

On communication strategy:

Environmental communication can promote clearer public actions that could guarantee improved quality of the environment. It can also become a facilitator in terms of the reducing acceptability of CSR among SMEs that is hindered by environmental policies, as well as showcase the urgency for environmental protection to SMEs.

A good communication strategy should persuade SME managers to accept the sacrifices that need to be made to improve the quality of the environment. To do this, there is need to carry environmental protection messages on media (radio, television, journals). There is also a need to have sensitisation seminars for SME managers. Meetings between environmental protection professionals and managers of SMEs should be organised.

Emphasis should be placed on the sensitisation of the Cameroonian managers of individual enterprises and managers of medium-sized enterprises, because they are the less involved in e-CSR actions.

On training strategy:

CSR should be integrated in the curricula of business studies in high school and during higher education studies. Managers who run SMEs, as well as budding entrepreneurs, should be equipped with appropriate training on CSR.

The recent growth of academic interest in CSR and SMEs should be observed as a good starting point in entrenching the two in business studies.

Further research should be encouraged on

action-oriented issues such as: the impact of innovation on the adoption of CSR, the success or failure of different policies and techniques to widen the adoption of CSR by SMEs, the social, economic and environmental CSR at the local and national level, the utility of CSR tools for SMEs, and the typology of SMEs about their engagement to CSR.

On the implementation of incentives:

The Cameroonian Government should consider introducing incentives, as well as recognition, for companies that exhibit good CSR practices. The introduction of tax incentives for «good students» of the e-CSR can motivate the managers of SMEs to engage more in practices that protect the environment.

Such incentives can include reducing or zero rating import duty on imported equipment used in treating wastewater and solid waste and equipment that can reduce emission of hazardous gases. Thus, we propose the establishment of optimal conditions for financing industrial activities using appropriate technologies.

On government strategy on environmental issues:

The Cameroonian Government should increase awareness of environmental conservation among SMEs as well as other business.

It should also consider imposing penalties on SMEs that don't respect the current regulations (law n° 96/12 of 5 August 1996 related to the environment management) to deter them from polluting the environment in an unchecked manner.

The Government could also include participation in CSR as requirement when awarding public contracts to SMEs.

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