

Corporate Social Responsibility and Firm Performance in SMEs: Empirical Evidence from Cameroon

Ateufack Djogho Ramecesse

School of Management, Shanghai University, P.R., China

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Abstract

We examined the mediating effects of corporate governance and image on CSR and performance link. We find CSR positive related to firm performance but insignificant. We further established CSR and FP are positive and insignificant without the existence of CI and CG but becomes significant with the inclusion of both mediating variables. Therefore, corporate governance codes and principles should be enhanced in Cameroon, since CSR engagement helps in better governance practice through establishing good internal controls and monitoring that ultimately enhances a firm financial performance. Several policy recommendations were discussed.

Keywords: CSR, Financial performance, Environment, Corporate image

1. Introduction

Corporations have long made profit their primary reason for operating, putting human communities and the planet's ecological health at danger (Barnes, 2011; Lovins, Lovins, & Hawken, 2007). As a result, businesses are under increasing pressure to adapt their operating strategy in order to embrace ecologically and socially responsible business practices. Civil society organizations, including as government agencies and environmental organizations, have developed rules and expectations for businesses that have an impact on the world's shared components. Corporate social responsibility refers to the responsibilities that a firm takes on in order to achieve those societal expectations (Cholette, Kleinrichert, Roeder, & Sugiyama, 2014). CSR is based on the moral and ethical philosophies of the individual corporation, and a significant number of global corporations have accepted the challenge of effective CSR by recognizing that social concerns are legitimate and that their company's continued operations are linked to social engagement.

Apart from these great goals and objectives, today's business executives are faced with the difficulty of being competitive and profitable while participating in CSR. Despite CSR's philanthropic roots, most CSR investment strategies focus on financial return and branding

(Calabrese, Costa, Menichini, & Rosati, 2013; Doane, 2005; Inoue & Lee, 2011). However, according to several reports, businesses should demonstrate their ethical orientation and moral principles to all stakeholders, including the anticipated social and environmental effect, in order to create a positive brand connection (Ansari & Qureshi, 2015; Babiak & Trendafilova, 2011; Vallaster, Lindgreen, & Maon, 2012).

While many business leaders now see social involvement with stockholders, local communities, and other stakeholders as a necessary part of doing business in a competitive environment and have dedicated resources that go above and beyond regulatory requirements, others believe that going above and beyond will have a direct impact on their financial bottom line. (Marn, Rubio, & Maya, 2012; McWilliams & Siegel, 2000; McWilliams & Siegel, 2000). Researchers have indicated that small- and medium-sized enterprises (SME) have different motives and considerations when engaging in CSR than larger enterprises (Hou, Liu, Fan, & Wei, 2016). A common impression is that although large corporations are primarily inspired to conduct CSR programs for reasons related to image and reputation, SME firms are encouraged by making an impact in the community leading to increased sales and profits (Salañã & Popa, 2014).

In fact, managers of smaller firms are challenged to make the key decisions of the amount and allocation of resources for social investment (Sarbutts, 2003). The specific management problem addressed was determining for Cameroon based SME firms whether the leadership decision of CSR practices is effective as represented by greater financial performance. When compared to larger firms, SMEs' CSR investments in Cameroon have a lower return on organizational performance (Udayasankar, 2008) and a shorter time lag between CSR decisions and outcomes (Sarbutts, 2003). Knowing whether specific CSR investments are positively associated with financial outcomes could aid SME leaders in their resource allocation decision-making for their industry. With this, the research focused on the CSR practices on financial performance of small and medium enterprises in Cameroon.

The research extends to the existing knowledge of CSR and provides new insights gained from the analysis of the concept in Cameroon. Second, even though, there are numerous empirical studies on the relationship between CSR and performance, but most these studies centered on developing and emerging countries, but none has examined from central Africa region. To the best of the research knowledge, this is the first empirical research in Cameroon. In addition, the research sheds light on the relevance of the two theories stakeholder theory and legitimacy theory, which are frequently applied for the analysis of social responsibility in business.

Finally, several of the studies have considered the CSR-FP link and the role of mediating variables from a developed country perspective. Corporate governance codes and principles have recently been introduced in Cameroon. The results indicate that CSR engagement helps in better governance practice through establishing good internal controls and monitoring that ultimately enhances a firm financial performance.

2. Literature Review

CSR is defined in a variety of ways, but most refer to an organization's social and environmental issues being integrated into its business operations in order to satisfy larger stakeholder groups (European Commission 2002; Carroll 1999). CSR is defined by Aguinis (2011) as "context-specific organizational actions and policies that consider stakeholders' expectations and the triple bottom line. Many past studies have looked at different aspects of CSR from various angles, with many emphasizing how CSR adds value to stakeholders (Husted and Allen, 2007; Galbreath, 2010) in different institutional and organisational contexts.

Social expectations regulate organizational CSR activity as part of their socially responsible activities, according to institutional theory (Tuttle and Dillard 2007; Galbreath 2013). The three pillars of institutions, namely normative, cognitive, and regulative factors, have been explored in studies focused on institutional issues. For example, regulatory factors in Cameroon, where this study was done, are predicted to have an impact on CSR and the corporate governance structure. This is because the Cameroonian Securities and Exchange Commission (SEC) established corporate governance laws and standards for all corporate entities. According to previous research, companies with excellent governance practices in their board processes are more likely to undertake socially responsible business strategies that improve their financial success (Bhagat and Bolton 2008; Chen and Wang 2011). According to Islam and Deegan (2008), export-oriented textile and garment industries engage in CSR in response to pressure from powerful stakeholders such as overseas purchasers. They further claim that Bangladeshi organizations are voluntarily engaging in CSR in order to boost their legitimacy. Hossain et al., (2015) point out that CSR is pushed not just by powerful stakeholders, but also by organizations' motives to fulfill voluntary social obligations to meet community expectations.

In contrast to the business case, ethical, normative, or moral viewpoints on CSR see organizations as social products, with ethical responsibilities to the society and communities in which they operate (Deegan, 2002). Failure to comply with societal standards through lawful behavior may result in corporate failure and pose a threat to the organization's legitimacy, according to the literature. A number of studies have empirically evaluated the effects of CSR on business performance in recent CSR literature, with inconclusive findings, which eventually relate to the probable existence of CSR.

Even though an increasing number of studies imply a beneficial association, there is considerable controversy on the relationship between CSR and business financial performance. According to the literature, CSR activities can help an organization satisfy its stakeholders (Donaldson and Preston, 1995). Stakeholder theory is based on how an organisation manages the concerns of relevant stakeholders which ultimately influence organisation's performance. The normative side of stakeholder theory asserts that as part of their moral or ethical responsibility, organizations will manage their stakeholders for their own survival (Donaldson and Preston, 1995). Clarkson (1995) adds strategic posture to Carroll's (1979) paradigm, as well as economic, legal, ethical, and discretionary

responsibility.

According to the legitimacy view, businesses aim to legitimize their operations by taking social and environmental initiatives. The term "legitimacy theory" comes from the "social compact," which grants an organization "permission to operate" in society. A number of earlier research (Govindan et al. 2014) looked into the nature of CSR activities and found that legitimacy pressure was an essential component in CSR practices. Organizations are said to adopt social and environmental compliance in order to obtain legitimacy, which has been related to the governance process. Environmental, social, and governance (ESG) practices are intertwined, according to recent CSR literature, and ESG activities are positively associated to a firm's success (Galbreath 2013; Kiernan 2007). CSR serves as a strategy for legitimization, according to Chen and Wang (2011). Institutional theory is a well-known paradigm that asserts that numerous institutional elements such as laws, rules, regulations, social, and cultural aspects influence CSR activities for the purposes of this article (Momin and Parker 2013). Formal institutional considerations, such as specific environmental rules, put pressure on businesses to adhere to social and environmental standards.

Scholars have used a variety of theories in CSR research, and Gray et al., (1995) contend that it is impossible to investigate CSR using just one theory. As a result, the current study focuses on two theories: legitimacy theory and institutional theory, to analyze the mediating influence of corporate governance and company image on the CSR-FP link.

3. Corporate Social Responsibility and Corporate Governance

According to previous research, CSR efforts have a good impact on a company's overall governance (Harjoto and Jo 2011; Jo and Harjoto 2011). Furthermore, corporations can employ CSR participation as a governance tool and as a self-regulated voluntary practice in achieving social and environmental governance (Rahim and Alam 2014; Money and Schepers 2007). (Ness and Mirza, 1991).

CSR, on the other hand, remains a method for meeting stakeholders' expectations and legitimizing corporate social and environmental behavior. Figure 1 depicts the relationship between CSR and financial success, taking into account the mediating effects of corporate governance and image. While more research is being done on the synergies and interrelationships between CSR and corporate governance (CG) from diverse perspectives (Jamali et al., 2008; Rahim and Alam, 2014; Rao et al., 2012), there is still a lack of study on the impact of CSR dimensions on governance practices.

For example, Ho (2005) states that corporate governance entails board monitoring, leadership, stewardship, and social and environmental obligations, and that CSR is an important component of CG systems. CSR is linked to stewardship and accountability in guaranteeing good CG within an organization, according to Ho's (2005). Rahim (2014) further on the effects of CSR on CG, arguing that synergies between CSR and corporate governance give market access through "cost savings, productivity, innovations, as well as larger societal advantages, such as education and community development. The findings of Rahim (2014) are in line with those of Jo and Harjoto (2011), who investigated CSR's impact on corporate

governance and stated that CSR initiatives that address internal social and environmental issues also have an impact on the organization's external governance. According to this report, businesses would implement CSR policies to ensure socially and environmentally responsible corporate activities, which would eventually aid good governance. This leads to the first hypothesis:

H1: There is a positive association between corporate social responsibility (CSR) and corporate governance (CG)

3.1 Corporate Governance and Firm Performance

Corporate governance (CG) is receiving more attention as a means of improving openness and accountability. It has gotten more attention as a result of corporate scandals like Enron and World Com, which highlighted the ineffectiveness of laws and regulations. (Jamali et al., 2008; Kolk and Pinkse, 2006). CG is thought to promote efficient use of available resources in the organization, attracting low-cost investment and increasing investor trust, resulting in improved long-term performance (Gregory and Simms, 1999). CG also fosters accountability and transparency, which helps to improve credit ratings and the value of a company's stock. It is also the case that separation of ownership from control has positive impacts on firm financial performance (Klein et al. 2005). Considering both Separation of ownership and control has also been shown to improve a company's financial performance (Klein et al., 2005). Kashif (2008) looked examined the impact of corporate governance on business performance in both developed and developing countries. He discovered that aspects of corporate governance, such as board size and makeup, had a significant impact on the effectiveness of the board., and ownership structure all have a positive influence on firm performance. Thus, the research propose the second hypothesis:

H2: Corporate governance attributes are positively associated with firm performance

3.2 Corporate Social Responsibility and Corporate Reputation

Corporate image (CI) is a shared perception of an organization among its stakeholders, and it is seen as a critical aspect in determining the legitimacy of an organization (Patten 1991; Dowling 1986). Firms can improve their image in a variety of ways, with CSR participation being one of the most important (Galbreath 2010; Vilanova et al. 2009). There is a strong link between corporate social responsibility (CSR) and CI, according to the extant literature (McGuire et al. 1988). If broader stakeholder groups discover any irresponsible corporate behavior, the firm's image will suffer, and the firm's survival will be jeopardized. Companies are increasingly demonstrating their commitment to providing environmentally sustainable products and services, which is unsurprising. Therefore, it is important for a firm and its management to build a strong CI and CSR is a mechanism that helps to establish that image (Arendt and Brettel, 2010). Thus, the research formulate:

H3: corporate social responsibility has a positive impact on corporate image

3.3 Corporate Image and Firm Performance

A rising number of studies have looked at the impact of CI on financial success in businesses

and found a favorable correlation (Hammond and Slocum 1996; Roberts and Dowling 2002). These findings show that an organization's image serves as a signal for determining which initiatives to pursue in order to satisfy stakeholders. Roberts and Dowling (2002) claim in a second study that “corporate image is valued in and of itself, clients value relationships and transactions with high-reputed firms” (p. 1079). Employees choose to work in a recognized organization for a lesser wage, which helps to cut associated costs (Roberts and Dowling, 2002). The following hypotheses are based on the above discussion:

H4: There is a positive relationship between corporate image and firm performance

3.4 Corporate Social Responsibility (CSR) and Firm Performance

The empirical evidence on the relationship between CSR and business performance (FP) is fairly broad. Despite varied outcomes provided by academics, the majority of studies demonstrate that CSR and FP have a beneficial association (Lu et al., 2014; Griffin and Mahon, 1997). CSR activities, according to scholars, can assist businesses by attracting more customers (Gallardo-Vázquez and Sanchez-Hernandez, 2014). Safer workplaces and the protection of employees' human rights result in higher production output, which boosts company performance (Dawkins and Lewis, 2003; Saleh et al., 2011). Firms supply quality products and invest in community development initiatives as part of their CSR practices, which has consequences for long-term corporate performance (Waddock and Graves, 1997; Mahoney and Roberts, 2007). Furthermore, as a good employer, a company can reduce employee turnover and increase performance by giving training and employment opportunities. These efforts have a direct impact on the company's market return, sales growth, profitability, and overall financial performance (Orlitzky et al., 2003). CSR is, therefore, considered as a key financial performance tool for firms. Hence, we hypothesise:

H5: Corporate Social Responsibility has a positive impact on firm performance.

3.5 Corporate Governance and Corporate Image as Mediator of the Link between CSR and Firm Performance

A The relationship between CSR and firm performance (FP) has been empirically explored by a vast number of scholars; nonetheless, the results have been variable and inconsistent (Berman et al., 1999; Galbreath and Shum, 2012). Other factors like as company governance and reputation, according to recent research, play an important part in the CSR and FP relationship (Galbreath and Shum, 2012; Jamali et al., 2008). Rahim (2014) claims that CSR has an impact on a firm's governance processes, and that governance has a positive relationship with corporate performance. CSR improves the image of a company by fostering good consumer perceptions. Many authors claim that a company's reputation has a favorable impact on its market share as well as asset and equity market returns. (Galbreath, 2010; Hammond and Slocum, 1996). The evidence therefore, shows that CSR, corporate governance and corporate image all have a positive influence on firm performance. The research therefore, propose the final hypothesis:

H6: Corporate governance and corporate image mediate the relationship between CSR and FP

4. Data and Method

We used a sample of SMEs in Cameroon over the period of 2016-2020. However, census approach was employed. Questionnaires were utilized to collect primary data from the managers, accountants, and directors to gather information on Social and Environmental actions within the company and the perceptions towards the reporting CSR practices. The questionnaires on the study were tested earlier before it was deployed to respondent for readability and validity. The questionnaire was given to professionals such as accountants, marketing managers, and directors to evaluate them for quality research to enrich the degree of satisfied validity, for important measurement of the aims of the study, therefore extraneous items were disregarded before it was distributed.

The first section of the questionnaires consists of the profile of the respondent. The second section of the questionnaires deals with CSR areas in which companies are involved. The final section deals with the relevance of including CSR practices and the reasons for making such disclosure in the corporate policy, and the the organisation's CSR practices, corporate governance (CG), corporate image (CI), and firm performance. It is worthy to state that, some of the declarations in the last part were implemented from previous studies (Idowu & Papasolomou, 2007; Al-Khater & Naser, 2003, Osei Bonsu Mandella et al 2019).

The second segment of the questionnaire utilized two response formats (yes/no), not solitary for corresponding the answer format to the thoughtful of evidence vital but also for directing response bias. The last section employed a multiple-choice setup where participants were mandated to indicate as numerous options as appropriate and applicable. In addition, we used the annual financial report of the sampled firms spanning from the period from the year of 2016-2020.

4.1 Empirical Model

The study used cross-sectional multiple regression model in the analysis of the effects of CSR on the Firm Performance of SMEs in Cameroon. The research modelled using linear regression model:

$$FP = \beta_0 + \beta_1 CSR + \beta_2 VR + \beta_3 CG + \beta_4 CI + \varepsilon_{it} \quad (1)$$

From this equation, the research proxy Firm Performance using accounting measures: (Return on Assets and Return on Equity), and CSR activities (Community involvement, customer relationship, employee relationship, and Environment. The research included control variables. Therefore, the research model the regression:

$$ROA = \beta_0 + \beta_1 COMTY + \beta_2 CUSTRE_2 + \beta_3 EMPLOY_3 + \beta_4 ENVIRON_4 + CG + CI + CPI + EFF + \varepsilon_{it} \quad (2)$$

$$ROE = \beta_0 + \beta_1 COMTY + \beta_2 CUSTRE_2 + \beta_3 EMPLOY_3 + \beta_4 ENVIRON_4 + CG + CI + CPI + EFF + \varepsilon_{it} \quad (3)$$

Where the dependent Variable for (eq1) and (eq 2) are Return on Assets and Return on Equity. Numerous studies recommended the use of the accounting financial measures as it wholly explains the predictability of findings, and hence have high utility related to SMEs because most SMEs are listed on Stock Exchange (Galant & Cadez, 2017; Galant & Cadez, 2017;

Gunawan, 2007; Richard et al., 2009). These are accounting financial measures where Return on Assets is measured as net income over total assets. The net income can be seen on the Income statement, it can also be profit after tax on profit and loss account. Total Assets is made up non-current assets and current assets and can be found on the balance sheet.

Nonetheless, the key independent variables of the study were represented by CSR: Community involvement, customer relationship, employee relationship, and Environment, and CG and CI are Corporate Governance and corporate image acting as mediating variables.

Others made up of all those other activities of CSR which could not be attributed to any of the identified categories. Content analysis was used to determine the score for CSR based on the number of sentences dedicated to each component of CSR in the company's annual reports. In content analysis, distinguish methods are utilized in assessing reporting disclosures in so many studies on CSR reporting. For the purpose of our study, content analysis were based on choosing the appropriate documents for the content analysis, determining the appropriate unit of measuring the content analysis and the appropriate unit of measuring the level of Corporate Social Responsibility is the number of words as it is been used in most literature. The study finally identified the major categories of CSR reporting in Cameroon, Community involvement, customer relationship, employee relationship, and Environment

In addition, the control variables were included to secure the robustness of the model for the research and for avoidance of bias, the model involved the resulting variables to control the bias of the model.

4.2 Measurement of Control Variables

Efficiency is calculated as cost of sales over total sales within the period. It is symbolic as

$EFF = \frac{\text{Cost of Sales}}{\text{Total Sales}}$, and Capital Intensive is total assets dividing total sales.

$$CPI = \frac{\text{Total Assets}}{\text{Total Sales}}$$

4.3 Measurement of Corporate Governance and Corporate Image

Corporate governance is measured following the work of Jamali et al., (2008). Thus, measures include eight items that covers all aspects of CG. The study adapts four measurement items to assess CI from Lai et al., (2010) and Galbreath and Shum (2012).

5. Results and Discussions

Our paper presents the results obtained from the designed questionnaires. The distribution was done through email. First, we conducted respondent analysis to determine where the responses to the research were obtained and the total sample used for our paper. We issued (60) questionnaires to respondents of which (52) were returned embodied 91 percent. Second, our paper presents descriptive statistics to refute or support the research hypothesis.

5.1 Respondent Profile

The most productive system for the distribution of the questionnaires was considered email. The profile of the respondent consists of the gender, age, occupation, experience, and academic qualification. The participant for the research was made of (52) including managers, directors, human resource manager, from the sampled SMEs in Cameroon. From the findings, 23 percent of the respondents were females representing 44.3% leaving the remaining 55.7 percent as males.

Table 1. Gender

Position	Frequency	Percent
Male	29	55.7
Female	23	44.3

On the other hand, the age distribution is as follows; out of (52) respondents sampled, 5(9.6%) were between the ages of 24-25years, 9(17.3%) respondents were between the ages of 26-30 years. Respondents between the ages of 31-35 years were 16(30.8%) and lastly, 22(42.3%) fell into the age category of 36 years and above.

Table 2. Age of Respondents

	Frequency	Percent
20-25	5	9.6
26-30	9	17.3
31-35	16	30.8
36 and above	22	42.3
Total	52	100.0

Table 3. Positions of Respondents

Position	Frequency	Percent
Managers	20	38.46
Human Resource	15	28.84
Directors	17	32.7

The results of table (2) show that, majority of the sampled respondents were managers with 20 representing 38.46 percent. In addition, 17 of 32.7 percent were directors leaving the remaining 28.84 percent as human resource.

Table 4. Qualification

	Frequency	Percent
Diploma	12	23
Degree	17	32.69
Masters	20	34.46
Professional Certificate	3	5.76

To the qualification obtained by the respondents, the findings show that, majority of the respondents with a number of (20) representing (34.46%) holds masters (17) representing 32.69 percent holds degree, with the remaining respondents (28.76%) hold other both diploma and professional.

Table 5. Years of Experience

	Frequency	Percent
Less than 1 year	7	13.09
1-5 years	10	19.23
6-10 years	15	28.84
11-over years	20	38.46
Total	52	100

The results show that, 9.8% of the employees had working experience less than a year. However, 7 of the respondents representing 55.8 % have on agricultural sector been farming for more than a year and five. In addition, 15 out of the 52 respondents representing 28.8 % have worked more than 5 years to ten and majority have worked more than 11 years.

5.2 Empirical Results

Multiple regression analysis was used to examine the impact of CSR on performance of SMEs in Cameroon. The primary concern was to identify whether, consistent with significant results from the model, CSR effected financial performance. This relationship was tested by using SMEs in Cameroon over the period from 2016-2020. ROA and ROE was the accounting measurement used as the dependent variable, and community involvement, customer relationship, employee relationship, and Environment were the variables used for CSR.

5.3 Descriptive Summary

The descriptive summary is reported on the impact of CSR on performance of SMEs in Cameroon. The outcome shows that, return on Assets obtained the highest mean (3.391) and standard deviation (0.5591). This implies that, SMEs return on assets is affected through corporate social responsibilities on an average of 33%. The next mean from the outcomes is Return on Equity (3.371) and standard deviation of (0.6551). These findings show that, on average, 33% of firms return on equity impact by CSR performance. The positive signs

between indicates the positive increase. However, the average mean of community involvement is (2.251) with a minimum and maximum value of (3.8790 and (1.609) respectively. On average, customer relations effect on SMEs performance either ROE and ROA. Further, SMEs environment responsibility impacted their performance with 12% having 4.501 as minimum, and 3.331 as maximum. In addition, efficiency and capital interest obtained 38% impact of the performance of SMEs. The positive signs of both minimum and maximum values signify the increasing performance regarding ROA and ROE of SMEs in Ghana. The table (7) below shows the summary of the summary statistics.

5.4 Correlation Coefficient

The research presents the empirical findings regarding the effects of CSR practices on performance of SMEs in Cameroon. From the correlation table, there is positive relationship between CSR, CPI and efficiency and performance of SMEs in Cameroon. In looking at the correlation coefficients between the variables, it shows that, the signs are consistent with the literature and the study since the magnitude coefficient is less than (0.5). Moreover, CSR are positively and highly linked which approves that, they are activities in CSR on which performance of SMEs increased. Empirically, the results show that all the discussed CSR effect performance implying that, it increases performance either ROA and ROE. From the findings, capital interest and efficiency are positively correlated with both ROA and ROE. This means that, management of organizations to realize the importance of corporate social responsibility. The results further show that, corporate image and corporate governance are positively and highly linked on the CSR and performance relationship. The summary of the findings is provided below,

Table 6. Correlation coefficient

	1	2	3	4	5	6
FP	1					
CSR	.122**	1				
CPI	.132**	0.251	1			
EFFI	.122**	0.126	0.036	1		
CG	.668	0.526	0.625	0.58	1	
CI	.516	0.542	0.591	0.48	0.421	1

The table presents the correlation of results. PF represents performance proxy as ROA and ROE, CSR represents Corporate Social Responsibility score, EFF is efficiency, and CPI is capital intensive, CG as corporate governance and CI as corporate Image respectively. This table embodies both models used in the study.

5.5 Regression Results

Table 7. Regression Analysis

PF	B	Standard Err.	t-Value	Sig.
CSR	.281	0.305	-1.033	0.554
EFF	-.202	0.776	-3.151	0.038**
CPI	.399	0.761	3.611	0.021**
CG	.14	0.541	4.04	0.000**
CI	.26	0.621	9.61	0.000**

The table presents the regression of results. PF represents performance proxy as ROA and ROE, CSR represents Corporate Social Responsibility score, EFF is efficiency, and CPI is capital intensive respectively. This table embodies both models used in the study.

The regression was tested as a significance value level of 5 percent on the analysis of the impact of CSR on performance with the inclusion of capital intensive and efficiency. The outcome shows that, capital intensive and efficiency were positive and significant as the ($p < 0.05$) thus describing that both had a significant effect on the company's financial performance. Findings, however, shows that corporate social responsibility measures was not a significant factor in impacting company's financial performance either ROA or ROE ($p > 0.05$) of SMEs. In addition, corporate governance and image has positive effects on financial performance and CSR link. It is evidence with ($p < 0.05$).

Besides, capital-intensive specifies a significant facet in making clear the performance of the companies listed ($\beta = 0.399$; $p > 0.05$). This shows that capital intensive of companies reduces, their performance is positively affected and improves, making their performance negatively affected. Additionally, the results also showed that efficiency had a negative effect on the performance of firms, since ($\beta = -104$; $p < 0.05$). This means that refinement in efficiency would lead to the improvement in the financial performance of SMEs in Cameroon. Meanwhile, the study further shown that CSR practices: community involvement, customer relationship, employee relationship, and Environment issues represented by CSR score did not have any significant effect on the selected SMEs financial performance. ($\beta = 0.281$; $p > 0.05$). This signals that the sum of money disbursed on CSR practices does not significantly describe the SMEs performance in Cameroon. These findings are consistent with Ahmed, (2014) on the study conducted on companies listed in Bursa Malasia which was revealed that CSR was positively related with financial performance. However, Wambui (2012) had similar results indicating corporate financial performance and CSR had a strong relationship.

5.6 Mediating Effect of Corporate Governance (CG) and Corporate Image (CI)

Our paper proposes corporate governance and corporate image as mediators between CSR and firm's financial performance. This conception refers that, CSR positively affects CG and CI, which consequently lead to better performance. This study followed the procedure proposed by Baron and Kenny (1986) to test the mediating effect. If the indirect effect of

CSR on FP is significant as compared to the direct effect of CSR on FP, this will support to establish the significant role of CG and CI in implementing CSR. At the outset, the relationship between CSR and firm performance is assessed from the findings. The relationship between CSR (independent variable) and FP (dependent variable) is positive but insignificant ($p > 0.05$). After the inclusion of mediators the model is further assessed with all paths estimated to test mediation effects. The existence of full mediation also demonstrates that CSR in conjunction with corporate governance and corporate image helps in achieving better firm performance. The finding is relatively new in the literature.

6. Conclusions and Policy Recommendation

We examined the mediating effects of corporate governance and image on CSR and performance link. We find corporate social responsibility as not a significant factor in impacting company's financial performance. This implies that, CSR positively impact performance but the effect is insignificant. However, the research finds capital intensive and efficiency positive and significant thus describing that both had a significant effect on the company's financial performance. The study is based on the finding that the amount of money spent on CSR activities does not accurately reflect the performance of SMEs in Cameroon. As a result, SME executives understand and embrace CSR and disclosures. As a result, firms should be socially responsible in order to increase shareholder and other stakeholder value. Managers now agree that any business should work together. Managers today agree that any company should focus on CSR initiatives since they will not only benefit the company's brand but will also make a significant contribution to society. In overall, the findings suggest that recognizing SMEs as part of corporate social responsibility would have benefited firms in prioritizing their social events and duties. In order to investigate the mediating impacts of Corporate Governance and Image on the CSR-Performance relationship. CSR and FP were found to be positive and insignificant in the absence of CI and CG. while when both mediating variables are included, the relationship becomes significant, which is also consistent with previous research (Galbreath and Shum, 2012).

In Cameroon, corporate social responsibility should be considered as mandatory rather than voluntary, according to our report. Policy should be created and implemented by the government, the Ministry of Finance, regulatory organizations, and other stakeholders engaged to guarantee that enterprises operate ethically and socially responsibly to all stakeholders. The ending arrived at should not be subjected to all industries, and developing countries since CSR practices are tedious and complex to described from one level of decision. Therefore, we calling for further research to examine from larger sample.

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