NEAR EAST UNIVERSITY
INSTITUTE OF GRADUATE STUDIES
BUSINESS ADMINISTRATION PROGRAMS

THE EFFECT OF MULTINATIONAL CORPORATIONS ON THE ECONOMIC GROWTH OF DEVELOPING COUNTRIES: CASE OF CAMEROON

ETUNYI ETUNYI ASHIME

MASTER'S THESIS

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SUPERVISOR
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DEDICATION

I will like to dedicate this piece of work to my parents Mr. and Mrs. Ashime. This work is also dedicated to my birth mother of blessed memory

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Special thanks are directed to my supervisor **Prof. Dr. Ahmed Samour** for his ceaseless efforts in correcting the work and his constructive criticisms which led to the attainment of this work.

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ABSTRACT

THE EFFECT OF MULTINATIONAL CORPORATIONS ON THE ECONOMIC GROWTH OF DEVELOPING COUNTRIES: CASE OF CAMEROON

Increasing the welfare of citizens is the sole responsibility of the government of every country. It is with this that most governments try to create a convenient environment for foreign investors to do business in the country. This study investigates the effect of multinational corporations on the economic growth of Less Economically Developed Countries, using Cameroon as a case study. With the use of time-series data spanning from 1990 to 2020, the researcher conducted two-unit root test to check the stationarity of the data. The researcher used the Augmented Dickey-Fuller test and the Phillips Peron to check for stationarity. With the use of the Autoregressive Distributed Lag model (ARDL), the researcher was able to show the effect and relation between multinational corporations and economic growth. Based on the findings, it is concluded that the undertakings of multinational corporations contribute to the economic growth of Cameroon during the long and short run period. This work recommends that economic growth policies that aim at increasing GDP per capita during the short run as well as long run be pursued to heighten MNCs in Cameroon. Also, effort should be directed at deepening the activities of companies to increase their corporate social responsibility activities to drive the economy.

Keywords: economic growth, multinational corporation, unemployment, corporate social responsibility.

ÖZ

ÇOK ULUSLU ŞİRKETLERİN GELİŞEN ÜLKELERİN EKONOMİK BÜYÜMESİNE ETKİSİ: KAMERUN ÖRNEĞİ

Vatandaşların refahını artırmak, her ülkenin hükümetinin tek sorumluluğudur. Çoğu hükümet, yabancı yatırımcıların ülkede iş yapması için uygun bir ortam yaratmaya çalışıyor. Bu çalışma, çok uluslu şirketlerin, Ekonomik Olarak Az Gelişmiş Ülkelerin ekonomik büyümesi üzerindeki etkisini, bir vaka çalışması olarak Kamerun'u kullanarak araştırmaktadır. 1990'dan 2020'ye kadar olan zaman serisi verilerinin kullanılmasıyla araştırmacı, verilerin durağanlığını test etmek için bir birim kök testi gerçekleştirdi. Araştırmacı, durağanlığı test etmek için Artırılmış Dickey-Fuller testini ve Phillips Peron'u kullandı. Otoregresif Dağıtılmış Gecikme (ARDL) kullanımı ile araştırmacı, çok uluslu şirketler ve ekonomik büyüme arasındaki ilişkiyi kurabildi. Elde edilen bulgulara dayalı olarak, çok uluslu şirketlerin faaliyetlerinin Kamerun'un hem uzun hem de kısa vadede ekonomik büyümesine katkı sağladığı sonucuna varılmıştır. Bu çalışma, Kamerun'da ÇUŞ'ları yükseltmek için hem kısa vadede hem de uzun vadede kişi başına GSYİH'yı artırmayı hedefleyen ekonomik büyüme politikalarının izlenmesini önermektedir. Ayrıca, ekonomiyi yönlendirmek için kurumsal sosyal sorumluluk faaliyetlerini artırmak için şirketlerin faaliyetlerini derinleştirmeye yönelik çaba gösterilmelidir.

Anahtar Kelimeler: ekonomik büyüme, çok uluslu şirket, işsizlik, kurumsal sosyal sorumluluk.

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Abbreviations	Explanations
EG	Economic growth
ARDL	Autoregressive Distributed Lag
MNCs	Multinational Corporations
FDI	Foreign Direct Investment
CSR	Corporate Social Responsibility
UEM	Unemployment
COM	Competition
ECM	Error Correction Model
GDP	Gross Domestic Product

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Multinational corporations do not come to a country for the sake of it, there must exist some stimulus exerting some form of pressure for them to come into a country. The history of Multinational corporations goes far back to the works during the 15th century. During this period, private individuals and enterprises were in charge of carrying out the production of goods and services. Still in this period, merchants could produce goods with the existing technology without the need to travel from one place to the other (Louis, 1994). Furthermore, according to Abdullah (1998), the main form of multination corporation in the early years took the form of alliances, this was done with the parent country through her military power or some form of political diplomacy try to extend their activities to new areas. According to Root (1994), a Multinational Corporation is a parent company that does business overseas with the use of foreign affiliates and exercise direct control over the management of the subsidiaries. These are giant businesses that have grown beyond national borders and have a complex organizational framework that requires efficient management control. The governments of the countries that host the subsidiaries also have to be robust and tactical in dealing with these multinational corporations to protect home industries in the face of competition with these MNC. Tirimba *et al* (2014) asserts that the rise of multinational corporations has posed some challenges to local states when it comes to issues of jurisdiction. The state has to make sure that national interest is not compromised in trying to make the business environment favorable to the Multinational Corporations whose sole focus is profit.

The need to promote economic growth is the sole priority of every government around the world whether a developed or a developing economy. The quest for a good life and prosperity of her citizens is the most important responsibility of all governments. This has driven most governments to implement measures aimed at boosting the Gross Domestic Product of a county. One way the government does this is by making the business environment attractive to foreign investors, thereby encouraging multinational corporations to come into the country.

according to Patrick (1966), most economies that keep on being successful tend to build and develop a robust financial system at an early stage that tends to attract foreign investment.

The contributions of Multinational corporations to economic development have been debated emphatically by scholars around the world. This debate has been tailor-made to focus on the ways by which multinational corporations may stimulate economic growth for the recipient countries. One of such points under discussion in the present-day business environment is the extent to which Multinational Corporations can contribute to technological development through the spillover effects of knowledge and capital. In this conversation, there is a school of thought that believes that the effect of Multinational Corporations on an economy depends on the rate at which the home country is open to change. Furthermore, the literature focusing how Multinational corporations affect the lucrative development on one hand and the home country circumstance is very rare. In this article, it postulates that recipient countries should do their utmost best in developing their financial system. This will attract more multinational corporations to the economy and in turn economic growth during the long. Niels & Lensink (2003), argue that one important precondition for developing economies is for them to develop a good financial system in their home country. This will, therefore, attract foreign direct investment flow into the country and subsequently economic development in the long run. This article presented by Niels & Lensink is based on studies conducted in Latin America and Asia, this research is different from that presented by Niels Hermes & Robert Lensink in that it looks at the topic from a sub-Sahara African perspective.

1.2 Objectives of the Research

The objectives of this research have been divided into two parts, the main research objective, and the specific research objectives.

1.2.1 Main Research Objectives

The main objective of the research is to investigate how Multinational Corporations affect the economic growth of developing economies with Cameroon being the case study.

1.2.2 Specific Research Objectives

i. To evaluate the long and short run effect multinational corporations has on the economic growth of Cameroon.
ii. To establish the relationship between competition among Multinational Corporations and economic growth in Cameroon.
iii. To investigate the relationship between unemployment and economic growth in Cameroon.
iv. To determine the relationship between the corporate social responsibility practices used by multinational corporations and economic growth in Cameroon.

1.3 Research questions

To articulate the problems, this study seeks to propose solutions. The researcher needs to pose some research questions that will guide him throughout the research. These questions include;

i. To what extent does Multinational Corporations affect the economic growth of Cameroon in the long and short-run?
ii. To what extent does Multinational Corporations contribute to unemployment in Cameroon?

iii. Does competition among multinationals operating in Cameroon's banking sector promote economic growth in Cameroon?
iv. Does corporate social responsibility have an effect on economic growth in Cameroon?

1.4 Hypothesis development

This section talks about the development of the various hypothesis and tries to see their various relationship.
The impact of these multinational corporations is measured by unemployment, competition, corporate social responsibility. The various variables impact can then be measured to see how they affect economic growth. Therefore, the independent variables will be multinational corporations, competition, unemployment, and corporate social responsibility while the dependent variable being economic growth.

1.4.1 Multinational Corporation has no effect on the short and long-run economic growth of Cameroon

The researcher determines if there exist a constructive or negative influence of multinational corporations on the economic growth of developing countries during the long and short run. Njimanted *et al.* (2016) carried research on "multinational corporations and economic growth in Cameroon". It showed economic growth and multinational corporations has a positive relationship during the long and short run. Trang *et al* (2019) carried empirical research on developing countries on "foreign direct investment and economic growth during the short and long run". Its results showed that FDI influence with a long run constructive impact on economic growth but rather negative in the short-run.

1.4.2 Unemployment has an effect on economic growth in Cameroon.

Unemployment here is the independent variable. Its impact is being measured to see if it will increase or reduce the level of economic growth. The works of Vukenkeng and Badjo (2016) on their research on unemployment, entrepreneurship, and economic growth in Cameroon showed what unemployment should be controlled by encouraging entrepreneurial activities by reducing taxes and trade openness. Talla *et al* (2019) carried empirical research on "the role of employment on economic growth and poverty in Cameroon". With the use of secondary data from 1991 to 2017, employment and its influence on economic growth were seen to be positively related and moderately reducing the level of poverty.

1.4.3 Competition between Multinational Corporation has an effect on the economic growth in Cameroon.

The competition level is measured to determine if this independent variable increases or reduces economic growth. Efiong (2013) carried research on "foreign direct investment and its effect on economic growth in Cameroon for the years 2006 to 2011". Its results showed that Cameroon authorities should remove barriers on firms carrying activities involve with the export market. The working paper of Fambon (2013) in his research of "foreign capital inflow and economic growth case of Cameroon" (using the ARDL model from 1980 to 2008) showed that both the capital stock of home and foreign industries impacts the economic growth of the economy positively during the momentary and long-term period. The coming of these several industries, therefore, bring about competition and economic growth.

1.4.4 Corporate social responsibility has an effect on the economic growth in Cameroon.

The hypothesis developed with corporate social responsibility is considered an independent variable. Its effect is measured to see if economic growth is affected positively or negatively by social responsibility. Efiong and Andree (2016) carried on research on “African countries on the actions of FDI and corporate social responsibility and poverty”. Results showed that these actions of corporate social responsibility have helped reduce poverty rates in many African countries and improving their welfare status. Oyewole and Adewale (2016) carried in their research on “sustainable development and corporate social responsibility the case of Cameroon” showed that there was no discrete evidence that the corporate actions of firms in Cameroon were positively influencing sustainable development. The researcher, therefore, seeks to overlook this problem and see how these social responsibility actions will influence economic growth in these host countries.

1.5 Research Hypothesis

The research hypothesis is stated in the alternative form.

H_{01}: Multinational Corporation has no effect on the short and long-run economic growth of Cameroon.

H_{02}: Unemployment has an effect on economic growth in Cameroon.

H_{03}: Competition between Multinational Corporation has an effect on the economic growth in Cameroon.

H_{04}: Corporate social responsibility has an effect on the economic growth in Cameroon.

1.6 Statement of the Research Problem

One way to measure the rate at which each economy is growing is by looking at the Gross Domestic Product (GDP). This figure might be misleading when comparing the welfare of citizens of two countries. The best indicator to use when comparing the living standards of citizens within a country and between counties is by making use of GDP per head figures. This gives a more representation of the impact of government activities on the welfare of her citizen. To enhance economic development, most governments have made the business climate conducive for foreign investments to come in. through this, the average Cameroonian turns to benefit from the activities of these foreign investors. Despite the advantages, multinational corporations bring to the country, there are some drew backs. The case of Cameroon is even worse because the average Cameroonian experiences very little positive effect of the activities of multination corporations, especially in the banking sector since access to financial loans remains a major problem. The researcher seeks to articulate some of these problems and bring forth possible solutions.

Multinational corporations contribute more than 65% of private jobs in developing countries (Reid, 2001). Unemployment levels in these countries though high have significantly reduced due to the presence of these multinational corporations. Durham (2004) in his research explained that multinational corporations have an overall negative impact on developing countries. Javaid (2016) in his research explained that the positive impact of multinational actions on these developing countries will vary depending on the economy's absorption capacity.

Multinational corporations have not only brought a long stream of benefits but have about a lot of negative impacts to these economies. The series of capital inflow coming into the economy goes out with the multiplier effect through profitability increase and capital flight from their subsidiaries. This will lead to a fall in the balance of payments (BOP) of the economy and in turn reducing the money available for circulation. Considering the aspect of employment, multinational corporations bring in skilled labor from their home countries and ground unskilled labor to the host country workforce. In Cameroon, we have a Chinese road construction company which is Long Yuan Construction Company. The company offers just unskilled labor to Cameroon citizens (an underdeveloped country) like road diggers while leaving the white color post for their citizens. There is a deterioration of resources due to wasteful competition in some industries. J Stiglitz, 2007 in his research paper explained that MNCs should apply their standards of activity in these countries in such a manner for not only them to benefit from their gains but to improve the economy as a whole. This will, therefore, make it a win-win situation. Multinational corporations coming into some economies have rather scared away competitors and standing as monopolies. Instead of improving competition and subsidiary industries, the reverse has been done hindering economic growth

It is with the help of these enterprises that multinational corporations are moving from underdeveloped to emerging countries. Considering their current level of activities, these host countries have begun wondering if these enterprises are the key variables in moving them to economic growth? Do their actions bring more benefits to the economy or is the reverse true?
Considering this, the researcher, therefore, intends to articulate these problems and measure their effect on the economic heightening of Cameroon

1.7 Significance of the Study

The aspiration with the results revealed by this research is so as be beneficial to the student and the teachers of the Department of Business Administration at Near East University as it will add to existing written works on the effect of Multinational corporations on the prosperity of developing countries with emphasis on Cameroon. This research will also recommend some measures that the government of Cameroon can use to be able to manage the activities of foreign companies in Cameroon.

1.8 Organization of the Study

The research work is broken down under five parts. The first part of the study comprises the background of the research, research objectives, research questions, hypothesis development, research hypothesis, statement of the research problem, the significance of the research, and organization of the research. The second chapter contains a review of the written works which has three sub-sections. The third chapter covers the plan and procedure of the research while the data for this study is analyzed and interpreted in chapter four. Recommendations, conclusion, and suggestions for further research are done in the fifth chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is divided into three parts, part one contains conceptual literature. In this part, the concepts relating to the study are being evaluated and argued that multinational corporations affect the growth economically of developing economies. The next part of presents theories relating to economic development such as that of Patrick's Demand, and Supply Hypothesis (1966), McKinnon-Shaw Model, the eclectic paradigm theory by Dunning (1995), and the Theory of Banking. The chapter ends with a review of the empirical literature.

2.2 Conceptual Literature

This section looks at the concepts relating to the dependent and the independent variables. Here, it looks at the concepts relating to Multinational corporations and economic growth.

2.2.1 Effects of Multinational Corporation on developing countries

Between the 1980s and 1990s, developing countries experienced a great deal of FDI as a result of the implementation of the structural adjustment programs (SAPs)[1]. This program had as its goal to make the business climate conducive for investment in most countries of the sub-Sahara Africa area.

Furthermore, due to globalization, multinational corporations have become key players in economies. With this, governments of these countries have engaged in a fierce competition geared at attracting individuals and businesses from out of the country to carry out investment programs in their economy to boost their nation. Their effects multinational corporations bring in developing countries have been two-fold; positive and negative effects. Looking at Multinational Corporations with optimism, it suffices to say the multination corporation enhances economic development. This can be seen years back to the period of the 1990s. During this period, foreign direct investment in less economically developed countries was averaging $150 billion per year, this amount doubled by the year 2005 averaging about $334 per year. “The effect of Multinational corporations on economic development in the less economically developed countries increased in the year 2010 to $574 billion annually” (UNCTAD. 2010).

To continue, another positive effect of Multinational corporations on economic development in developing counties is the fact that it contributes to capital formation. Capital is the lifeblood of any business. The absence of capital makes the prospect of doing business virtually impossible. With the advent of Multinational corporations, developing countries now have access to tap into foreign currency reserves. For example, Multinational corporations accounted for about 14.9 % to 51.5 % of the total flow of foreign currency into the country (UNCTAD, 1994; p. 409). According to recent studies on multination corporations, it has been realized that these multinational corporations perform much better in issuing out financial incentives than local firms (Markusen, 1995). These Multinational companies also serve as important generators of foreign exchange earnings in the country bringing a favorable balance of payment. Through their net export and import activities, a multinational corporation exerts an effect on the country’s Balance of Payment figures (BOP) better than domestic companies can do in the less economically developed countries. According to Strange 1995, Multinational Corporation access foreign markets and prospective buyers much easier that will take local enterprises a considerable amount of time to achieve this feat.

Multinational Corporation with relation to the spillover effects influences the level of technological development of the subsidiary economy. With the conveying of skills and resources out of the home country toward host countries, the multinational brings an enormous amount of new level technology to the industry; most domestic firms on the other hand copy these multinationals to match the level of competition they bring.

According to a study carried out by Blomstrom M, & Sjoholm 1999 based on microdata from Indonesia, they found that local companies profited from the technological spillover of foreign companies.

According to their findings, they came with the conclusion that the spillover effect of these foreign companies to local firms were very minimal and even at times negative in the case of foreign joint ventures to local small companies in Venezuela.

Furthermore, Potterie & Lichtenberg 2001 further investigated the spillover effect of Multinational corporations on the technological development of domestic industries. Their findings revealed that there is transfer in technology if the host country invests in Research and Development.

Thus, the discrepancy in the studies conducted by these authors on the spillover effect of international enterprises on the technological growth of a domestic economy is a call for concern. Their discrepancy shows the importance or role the country-specific characteristics play to make technological spillover work.

The works of some research authors explain that adopting new technology and new methods of management require some fresh entry in the human labor capacity.

Therefore, the increase technology or capital goods can be achieved by an increase in the skilled labor force so as to match the new level of development in the economy at large. Thus, the technological spillover effect of Multinational corporations will only be possible or make sense for the required working the economy in general is open to improved technology given their resource capacity and the available resources for the threshold of human capital (Borensztien *et al, 1998*). Thus, implying there is a positive relationship between multinational corporations and human capital in facilitating technological diffusion. Other authors are of the view that the positive effects of technological spillover as a result of the activities of Multination Corporation will only be felt when the host country has a well-functioning market. At this juncture, there should be some control on market distortion and an efficient competitive system be encouraged. This will facilitate the exchange of knowledge among firms (partners) in the business environment (Balasubramanyam et al, 1996). The research works of other authors are of the view that the spillover effect of technological advancement in the host country can be pursued by ensuring the establishment of intellectual property rights. This will spur the companies to transfer their technology without fear of having their assets stolen from them. Thus, for economies or countries with a weakly protected intellectual property right, most multinational corporations may be reluctant or better still carry out a low level of technological investments in the host country (Smarzynska, 1999)

All is not juicy with Multinational corporations carrying out their activities in less economically developed countries. According to the dependency theory, Multinational Corporation is viewed to prevent autonomous development of developing countries. According to (Moran, 1978), international enterprises adds up in the deterioration of emerging economies by increasing income inequalities and by using sophisticated technology which creates unemployment and underdevelopment in developing countries.

For this research, the researcher will focus on the positive aspect of Multinational corporations concerning the economic development of developing countries

[1] SAPs are “the economic policies that were promoted by the World Bank and international monetary fund in the 1980s to those countries that face financial crises”.

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2.2.2: Effects of Competition between Multinational Corporation on the Economic Growth of the host country

As per the economic theories, competition describes a market situation where suppliers and producing firms fight for consumers or buyers in a manner that edges them to be more efficient in production and offering a variety of these goods and services at the lowest price possible (Marwa, 2014). There are two opposing theories of competition concerning economic growth. The first theory dates far back to the era of Adams Smith. During this era, Adams Smith postulated that competition ensures better distribution of resources and spur efficiency which leads to increase in consumers welfare and subsequently economic growth (when prices for all the suppliers must have been taken into consideration).

While in the case of little or no competition, as is the case with a monopoly or centralized competition, the seller can set exorbitant prices for themselves which turns to hinder efficiency and in the long-run economic growth. Furthermore, advocating for monopolistic enterprises causes a deficiency synfrome in investment and therefore causes inefficiency in the economy (Voigt*, 2009 & Petersen, 2013*).

According to Marwa (2014), Competition is vital for the growth and sustainability of an economy because it creates an environment for efficiency to be rewarded. It ensures that product quality conforms to the taste and preference of the consumer and resources are duly utilized. Policymakers view competition as means of stimulating more efficiency which in turn serve as a push factor in increasing productivity and increase consumer welfare and therefore bringing growth in the nation (Don *et al.,* 2008).

On the flip side of the coin, Schumpeter (1942) argues that monopolies turn to be more idealized than little firms reason being their capability of offering various goods or services to the market at high prices making it possible for them to reap the reward of innovation than will in a competitive market. Schumpeter went further to say that, competition has a negative correlation with innovation which in turn is detrimental to economic growth and development. According to Schumpeter, because of the adverse effects that competition propels, many companies feel discouraged to make more investments in the research and development departments. A monopoly market on the other hand ensures high innovativeness and subsequently growth in economic activities thus showing the tradeoff between static and dynamic efficiencies (Voigt, 2009).

In addition to these arguments, Aghion *et al. (1997*) brought forward some different structure of competition and growth. They were of the view that competition could have positive effects on innovation and growth effect. According to them, competition can cause these firms realize more earnings as a result of increased investments done on the goods or services provided by the firm, this will, in turn, spur the firm to carry out more investments in the research and development department to make the product more competitive in the market.

From the above discussion, there exist not any consensus on the literature on the impact of competition on economic growth, yet these market does affect innovation and economic growth. Nevertheless, if left unchecked, competition becomes dangerous to infant industry which in the long run propels economic growth. Thus, competition requires some form of control from the state through the implementation of policies aimed at protecting consumers from the actions of excessive competition most especially from the giant companies operating in the country (Voigt, 2009). For this study, the researcher will adopt a more pragmatic form of competition, where the government intervenes by their role in setting the policies aimed at ensuring equitable competition between the market operators.

2.2.3: Multinational Corporation and unemployment in developing countries.

Multinational corporations are large entities that do business transactions across national borders. These entities move huge sums of money across borders. Due to globalization and because domestic markets becoming more deregulated and liberalized, foreign companies have seen the need to cut down production costs by outsourcing production overseas to take advantage of efficient labor supply. Although less economically developed countries may pose a high risk, they also provide opportunities for higher returns in terms of profitability. Thus, many multinational corporations see these emerging markets as having potentials for growth (Kotler, 1994). Thus, these MNCs play a major role in the economic growth of the economy by reducing the unemployment levels of the country. For those who argue in favor of Multinational corporations, they postulate that these bodies generate employment worldwide. According to those who align themselves to this school of thought, out of 73 million jobs created through the activities of multinational corporations, just 12 million happens to be in the less economically developed countries comprising less than 5% of the world's workforce. The activities of Multinational corporations a lot in the various economic sectors (UNRISD, 2010).

Empirical studies have revealed that multinational corporation has better wage structures than local companies, that is multinational corporations have better compensation packages for their staff than locally owned businesses do. It has also been determined that export-oriented firms pay good wages than non-exporting firms.

According to Norberg, (2003), the coming of Multinational corporations in Taiwan, the economy has transformed from an agrarian economy that was poor to a prosperous country in today's world. Furthermore, real wages in Taiwan are now ten times higher than they were in the 1950s.

Multinational Corporations play an important role in poverty reduction that is when these multination corporations come into the country, they create a small niche for catering industries. The multiplier effect is felt in the increase of entrepreneurial activities in the country; nationals create businesses to serve the needs of these multinational corporations (Olawole *et al* 2019).

2.2.4 Multinational Corporations and Corporate Social Responsibility

To have a positive contribution to the economic growth of developing economies, Multinational Corporation has to give back to the local communities. That is multinational corporations have to engage in social responsibility actions to create a positive impact for an ordinary citizen regarding its legal, ethical, economic, and philanthropic activities (Carrol & Shabana, 2010). There exists a causal relationship interconnecting these formal institutes activities and those activities of the general public. This relationship or responsibility propels certain rights from one party in exchange for certain responsibilities from the other party (Buhr, 1998). Put simply, corporate social responsibility (CSR) explains the relationship between a society in whole and the business in particular. According to Ararat (2006), social responsibility actions come to existence from the moral obligation made by a business organization in remedying the environmental, economic, and social needs of the communities where the business carries out its activities. Furthermore, it works in the form of an intermidiary means through which these organization relates to the stakeholders of the company.

The works of Ferdous & Moniruzzaman (2013) see CSR as a presumed form of laws and regulations that have become incorporated through to the organizational activities, options consideration, and supply chain management process of the company. This also makes room for the firm to take charge of her past, present, and future actions and how these actions impact the general public. Furthermore, firms have different attitudes to corporate social responsibility because idea orientation. Hillman & Keim (2001) developed four components of corporate social responsibility; economic dimension with obligations towards shareholders and customers. The formal dimension and ethical obligations are directed to the general public.

Put in a nutshell, social responsibility actions can be seen as the expected responsibility of the stakeholders of a business to society as a whole. It refers to a voluntary initiative done by a business as a means of contributing to create a better society and make the environment a safe place for everybody. Critically, the term 'social responsibility "refers to a system that maximizes the benefits while reducing the adverse effect of the activities on the business in the societal development process" (Williamson, Lynch-Wood, & Ramsay, 2006).

The concept of social responsibility is divided into six dimensions. The researcher needs to present the various dimensional aspects of these business responsibility.

a) Legal dimension of CSR

The legal dimension of corporate social responsibility shows how the organization complies with the economy's norms and regulations set by the authorities of the country which have put in place certain expectations for responsible behavior. The need for a legal dimension of corporate social responsibility is to create an environment where there is trust between the business owners and the customers (Nicolae & Sabina, 2010. p.238). In Cameroon, the law requires (business law) every business especially multinational corporation, to have some form of corporate social activities going on. This law was enforced to check the activities of multinational corporations in Cameroon especially in the mining industry.

b) Economic dimensions of CSR

This dimension seeks to understand how the organization functions economically. The economic aspect of corporate social responsibility has evaded most conversations about the actions of social responsibility. Rahman (2011) from his view saw that “the economic dimension of corporate social responsibility refers to the distribution of the factors of production with the social system”. In the view of Johnson (1971), an entrepreneur or a business manager who is socially responsible, has a system put in place that satisfies the interest of everyone in the organization and not the interest of the manager alone. Thus, many business owners view this moral obligation as a threat for business in achieving their objectives. This is faulty as corporate social responsibility only seeks to ensure customer satisfaction thereby boosting the company’s competitive advantage (Uddin, Hassan, & Tarique, 2008).

c) Ethical dimension of CSR

Multinational corporations operate in a diverse environment with different cultures, religions, and ways of life in play. It is therefore very important for these business organizations to comply with what is generally accepted to be good by people of the region where they carry out their activities while avoiding what they consider to be bad. The ethical dimension of corporate social responsibility helps in building trust between stakeholders of the organization.

d) Philanthropic dimension of CSR

This dimension of CSR shows organizations donating financial resources alongside other valuable benefits to economies (Nicolae & Sabina, 2010). This dimension of philanthropic CSR helps to better the standards thereby a contributing factor to the economic growth of the economy. Furthermore, employees who volunteer for community development through activities like the planting of trees and cleaning turn to have a positive feeling about their organization (Nicolae & Sabina, 2010).

e) Social dimensions of CSR

This dimension addresses the relationship between everyone connected to the activities of the company, from the employees to the partners in the supply chain and finally the customers. It equally ensures the durability of the goods and services being provided. This dimension ensures that the company complies with the standards of production and after-sale services and complaints are addressed within the shortest time possible. This helps to build a competitive advantage for the company.

f) Environmental and Ecological dimensions of CSR

The environmental effect of multinational corporations has to be taken into consideration. The main goal of this dimension is to ensure that companies operate in ways that are better for the environment instead of polluting it (Uddin et al., 2008). Companies that have a lot of negative externalities need to improve on their production models to address the negative effect of their activity on the environment.

Conceptual framework

Independent Variable Dependent

Variable

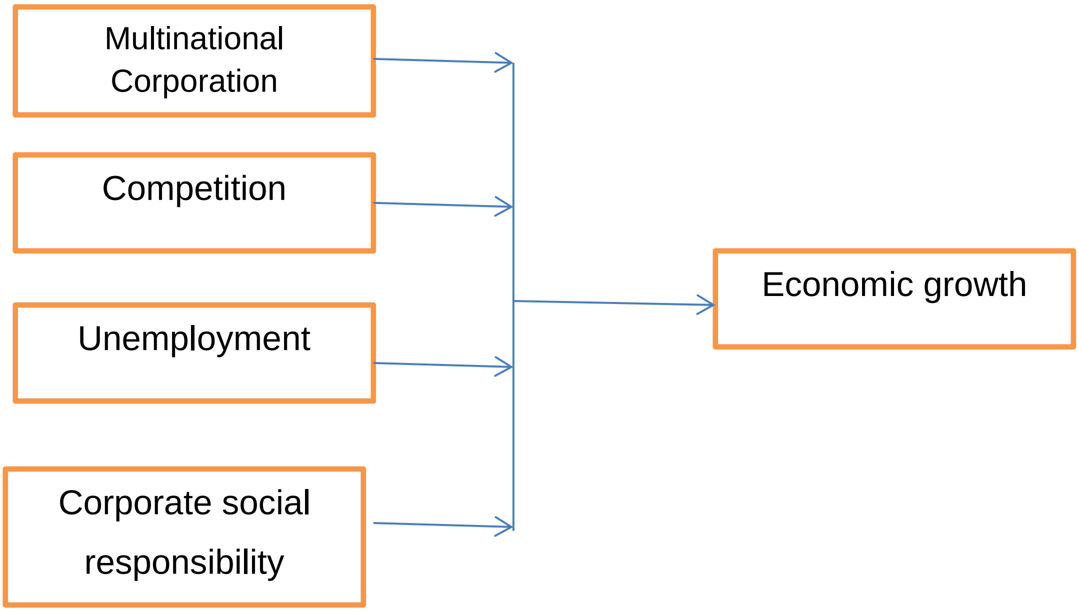

Figure 2.1: Relationship between the dependent and independent variables

2.3 Theoretical Literatures

This research looks at some theories relating to the effect of Multinational corporations on economic growth.

2.3.1 Dependency Theory

This theory was advanced by Boxborough (1974). This theory shows a parasitic relationship that exists intermediating the emerged with the underdeveloped nations. According to this theory, this relationship is anything but a win-win relationship. This is because the developed countries continue to progress to the detriment of the developing countries. This theory equally brings forth ways to solve the underdevelopment problem. First of all, from the Marxist point of view, underdevelopment results from the decline in the terms

of trade and the exploitation nature of the multinational corporation. The currency disparity contributes to underdevelopment according to the theory. The unequal currency exchange has impounded developing countries to add the level of exports in order to maintain parity (Arghiri, 1972). Multinational Corporation contributes enormously to the underdevelopment of developing countries through the capital flight where there is cash outflow from the company dividends which leaves the economy. Because the terms of trade are always to the benefit of the developed countries, developing nations find it difficult to provide for their citizens thereby leading to underdevelopment.
The second way to make a win-win interconnection between the developing and the developed countries is to implement a structural changing program that will lead to modernization and integration (Lexikon, 1993).

2.3.2 World System Theory

The world system theory was developed after the dependency theory. This theory has some similarities with the dependency theory but differs in that it accounts in several concepts (Bornschier, 2002). According to this theory, national development is not an isolated process that is peculiar to a particular country. Rather it is part of a global system and thus it is affected by global activities. Under development in this theory results from economic, social, and political forces that are not controlled by the immediate society. The economic dimension is affected by the trend in world trade due to globalization and the activities of multinational corporations. The political dimension refers to power distribution and it is influenced by the economic dimension. The cultural dimension on the other hand signifies the global diffusion of values and norms (Herkenrath, 2003).

2.3.3 The utilitarian theories

This is a philosophical theory which describes maximization of utility and societal joy. Looking at this theory from the economic perspective, utilitarian theories show that corporations form part of an economic system and perform some functions. From this theory, not only the company alone has to benefit from the company’s resources (Ismail, 2009, p.201). Corporate social responsibility surfaced after widespread thoughts of a need for economic accountability from the activities of the firm. Thus, this theory views an organization as a profit maximizer and cares too little about the negative externalities to the general public. To ensure an in-depth understanding of the theory, Secchi (2007) categorized this theory into two subgroups, on the one hand, were scholars involved in understanding the cost of social revenue to the firm and on the other hand, were scholars who seek to understand how the system functions.

2.4 Empirical literature

This section of the literature review presents the works of other authors who have done research studies on the multinational corporations.

Multinational corporations are important contributors to economic development through the creation of jobs and other socio-economic welfare of the people. In a study carried out by Masawa, & Njenga (2017) on “the role of multinational corporations on economic empowerment of women and job creation for women in Twangiza". With a sample population of 150 respondents, and using both primary and secondary data, the findings show that “multinational corporation plays a significant function looking at the economic growth for developing economies” also contributing in women empowerment by opening workshops for women to gain skills and reduce the level of illiteracy.

Similarly, Eluka, Ndubuisi-Okolo, & Anekwe, 2016 carried out research regarding “Multinational Corporations and Their Effects on the Economy of Nigeria”. Using secondary data, the researchers got data from reading published articles regarding the activities of multinational corporations in Nigeria. From the research findings for this study, it reveals that transnational enterprises have brought about a net negative impact in Nigeria, especially in the repatriation of funds, environmental degradation, and human right violation.

Furthermore, Olawole et al (2019) carried out a study on “Multinational and Transnational activities in the global economy: implications for socio-economic development in Nigeria”. Using secondary data and descriptive statistics, the paper found that the benefits these multinational corporations apply on these economies is relatively low compared to the business personal gains

Sarbapriya R. (2012) equally did a work inquiry on “the impact of foreign direct investment on economic growth a case based in India”. With a period ranging from year 1990-2011 and using the ordinary least square to analyze, the data shows a constructive and definite relationship as they move in one direction towards development. The research work differs from the work of the researcher in that, it duels more in Indi and rather used data from 1990 to 2011.

Furthermore, Dinh, et al, (2019) researched “the effects of Foreign Direct Investment and Economic Growth in the Short Run and Long Run: with Empirical Evidence from Developing Countries”. This study covers a timeframe of 15 years.

With the use of “panel-based unit root test, Johansen cointegration test, Vector Error Correction Model (VECM), and Fully Modified OLS (FMOLS)” to make certain that the data becomes stationary. The research works show that foreign direct investment, in the long run, helps in stimulating economic growth. This is the exact opposite during the momentary period due to the unemployment created in the short run.

Espigares & López, (2006) investigated on “the effects of Corporate Social Responsibility and its relation with Economic Growth”. The outcome here shows that responsibility is rather more related with economic development since it is compatible with competition a major determinant to economic growth.

Still with alight of corporate social responsibility, Nicolae & Sabina (2010). carried out research on the “Dimensions and the challenges of social responsibility”. The findings for this research revealed that various activities of social responsibility focuses on the real social requirements as well as the living standards of an ordinary citizen of the country. Thus, this research concluded that corporate social responsibility contributes to economic growth.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The study area as well as data and the methods used to analyze the data will be discussed in this part.

3.2 Study Area

The study area here involves multinational corporations in Cameroon. Cameroon is an under-developed country and situated between the central and western part of Africa. The country has a complex system and has a welcoming environment for foreign investors for the primary, secondary and tertiary sector. The country has an average population of about 25million and a per capita income of 1,400 US dollars for the year 2020. She has a high level of disparity of income and wealth between the rich and the poor of her citizens. The emerging sector in the economy is the tertiary sector with over 51% of the country's GDP in the year 2020. The welcoming nature of multinational companies has contributed to more than 50% rise in its annual GDP. The Cameroon banking sector contributed to about 27% of the country's GDP according to the IMF statistics in 2020 *(Stubbs et al, 2020).*

Cameroon comprises several multinational companies which cut across the primary, secondary, and tertiary sectors. Examples of some multinational companies in Cameroon include; Coca-Cola, Union Bank of Africa (UBA), Afriland First Bank, Brasseries du Cameroun, China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC) just to name a few. In a nutshell, considering all private enterprises, Multinational corporations contribute more than 65% of the country's GDP in Cameroon. Thanks to these corporations, there is an improvement in the welfare services of Cameroon citizens. These can be seen through their level and obligation of corporate social responsibility to the economy. There is improved education from scholarships and financial aids offered by these corporations. The Brasseries du Cameroon, a company in the Brewery industry sponsors seasonal football campaigns for young talented players.

3.3 Data

This research employs an Autoregressive Distributed Lag (ARDL) method so as to determine the connection of these multinational corporations with the economic growth of Cameroon using time series data from 1990 to 2020. Data carried on in this work was obtained from the world bank statistics. In the model, the researcher used the economic development indicator as a dependent variable which was captured by the use of GDP growth rate as a proxy. Furthermore, unemployment, corporate social responsibility, competition among multinational corporations were the independent variables. The variable unemployment will be captured by looking at the unemployment rate in Cameroon over the years. Competition among multinational corporations will be captured by looking at the net imports and exports. Corporate social responsibility will be captured by looking at the amount of potable water consumption per household in Cameroon.

3.4 Method of Data Analysis

In order for the data becomes stationary, the researcher made use of a series of unit roots tests. The two-unit roots tests carried for the research include the Augmented Dickey-Fuller and the Phillips Perron test.

3.5 Model Specification

The researcher used a multiple unit directional model. The model has an equation given as $Y = a0 + a1x1 + a2x1 + a3x3 + anxn\ldots\ldots + u$. This equation is to justify that the dependent variable y is influenced by more than one independent variable. As such, the value of Y can increase or decrease depending on the changing effect of x. The model is formulated such that the independent variables have a zero correlation among them but has a relationship with the dependent variable (Y). As such, the Cov (x1x2) = 0

EG = f (MC, COM, UEM, CRS) ……………………………………….. (1)

Therefore, the econometric expression of the above equation can be broken down as below

EG = β0 + β1 MC + β2 COM +β3 UEM +β4 CSR + μ…………………….. (2)

Where,

EG = Economic Growth

MC = Multinational Corporations

COM = Competition

UEM = Unemployment

CSR = Corporate Social Responsibility

μ = Error term.

β0 $\neq$ 0, this is a constant term. For a every given moment, there must be a variable influencing the level of economic growth.

B1 > 0 Multinational corporations will affect the level of economic growth negatively

B2 > 0, a favorable level of competition will increase the level of economic growth in the economy

B3 > 0, Increase unemployment by multinational corporation will decrease economic growth.

B4 > 0, Corporate social responsibility brought by multinational corporations affects economic growth positively.

3.6 Limitations of the study

A basic hindrance encountered in this study was obtaining accurate the data. This is because some institutions did not want to release accurate information about their financial positions such the researcher had to rely on data from the world bank statistics for Cameroon which has some minute faults.

Furthermore, with the world going through a pandemic, getting access to the school library and other valuable materials for this research was problematic.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSION OF RESULTS

4.1 Descriptive statistics

The statistic entails an overview for all variables, which includes the of Mean, Median, maximum and minimum values. Moreover, an overview of the outlier. The standard deviation was put in place so as to measure the spread of the data. Then skewness value has been introduced to examine the shape of the curve bell curve. Moreover, the probability value of the data has been determined.

Table 4.1 summaries of Descriptive Statistics

	EG	UEM	COM	CSR
Mean	1094.735	5.483871	-1.887172	60.04977
Median	1063.082	4.400000	-2.446325	60.15876
Maximum	1542.621	8.060000	5.358982	60.60231
Minimum	626.7512	3.060000	-5.711664	59.35527
Std. Dev.	315.7776	2.049861	3.082316	0.327042
Skewness	-0.092515	0.206826	0.556840	-0.660238
Kurtosis	1.532478	1.198105	2.175210	2.615039
Jarque-Bera	2.825984	4.414829	2.480723	2.443643

Probability	0.243414	0.109985	0.289280	0.294693
Sum	33936.79	170.0000	-58.50234	1861.543
Sum Sq. Dev.	2991465.	126.0579	285.0202	3.208692
Observations	31	31	31	31

Source: Eview 10 computation 2021

For the descriptive statistics analysis in table 4.1 above, the original data was been used. The collected data had 31 observations for Cameroon for the 31 years of the period from 1990 to 2020. Economic growth (EG) by the value GDP, unemployment (UEM), competition (COM), and the Corporate social responsibility (CSR) has its real value pictured.

Economic growth hereafter called EG has as its value 1094.735 average and the value of standard deviation given as 315.7776 and has its highest figure rate at 1542.621 with the lowest being 626.7512 this imply that the EG has been fluctuating over the years of study.

Unemployment hereafter referred to UEM has as its value 5.483871% on average with the value of standard error as 2.049861 % ranging from 8.060000 as maximum value and 3.060000 as minimum value of UEM. Competition captured through net export and import hereafter referred to COM has as its value of -1.887172 % on average with the value of standard error standing at 3.082316 % ranging from 5.358982 as maximum value and -5.711664 as minimum value of COM.

Corporate Social Responsibility which is referred to CSR is given a value 60.04977 average with the standard error of 0.327042 scaling 60.60231 as highest value and 59.35527 as minimum value as CRS.

Furthermore, the analysis of descriptive statistics revealed that, UEM and COM, were all positively skewed which explains, the value for mode is greatest at the left where as EG and CRS were negatively skewed implying that its mode was at top most to the right of the model (negative skewness).

The coefficient of the kurtosis of EG, UEM, COM and CRS were below 3.000, showing they are platykurtic and relative to the normal distribution, which means they have less and less extreme outliers than the normal distribution.

Generally, it can be observed from the jarque -bera and probability statistics for All the Variables. That is; EG, UEM, COM and CRS are in a normally distributed form because the value of probability is above 5%. The information for descriptive statistics used was all carried on with raw data and not the transformed data.

4.2 Correlation statistics

A correlation matrix was constructed in order to get the correspondence between various variables. This can be seen with the data below.

Table 4.2: Correlation Matrix

Variables	EG	UEM	COM	CSR
EG	1.000000			
UEM	-0.861576	1.000000		
COM	-0.667782	0.799202	1.000000	
CSR	0.557394	-0.570974	-0.536453	1.000000

Source: Eview 10 computation 2021

Table 4.2 shows that unemployment (UEM) and competition (COM), are Negatively correlated to economic growth represented by EG while Corporate Social Responsibility (CSR) present a positive correlation on EG. When this given coefficients are less than 0.5 (- 0.5), it is described as weak correlation an example with the case of CRS, when it is between 0.5 (-0.5) and 0.8 (-0.8). It is qualified as moderate correlation such as unemployment (UEM) and competition (COM) also when found above 0.8 (-0.8), indicates strong multicollinearity. Using the data in bringing the correlation in table 4.2, we can infer the non-existence of strong multicollinearity since the correlation coefficients presented only scenario of weak and moderate across all the variables under study.

4.3 Stationarity test (unit root)

Table: 4.3 Unit root test of Augmented Dickey-Fuller (ADF) and Phillips-Perron with and without trend

	Augmented Dickey–Fuller				**Phillips-Perron**			
Variables	**Intercept**		**Intercept and Trend**		**Variables**		**Intercept**	
	Level 1(0)	**First Difference 1(1)**	**Level 1(0)**	**Level 1(0)**	**First Difference 1(1)**	**First Difference 1(1)**	**Level 1(0)**	**First Difference 1(1)**
EG	-2.963972 (0.8182)	-2.967767 (0.0000)*	**EG**	-2.963972 (0.8182)	-2.967767 (0.0000)*	**EG**	-2.963972 (0.8182)	-2.967767 (0.0000)*
UEM	-2.967767 (0.4340)	-2.971853 (0.0000)*	**UEM**	-2.967767 (0.4340)	-2.971853 (0.0000)*	**UEM**	-2.967767 (0.4340)	-2.971853 (0.0000)*
COM	-2.981038 (0.3747)	-2.981038 (0.0053)*	**COM**	-2.981038 (0.3747)	-2.981038 (0.0053)*	**COM**	-2.981038 (0.3747)	-2.981038 (0.0053)*
CRS	-2.963972 (0.2791)	-2.967767 (0.0010)*	**CRS**	-2.963972 (0.2791)	-2.967767 (0.0010)*	**CRS**	-2.963972 (0.2791)	-2.967767 (0.0010)*

Source: Eview 10 computation 2021

Note * 'and ** indicate significance level at 1% and 5% respectively'

Table:4.3 findings employ the Augmented Dickey–Fuller (1979) with the Phillips-perron test in evaluating for the stationarity properties regarding the variance. The outcome showed that all variables are not stationary for the level under intercept with and without trend. Not any variable is stationary at level, I(0) under intercept or intercept and trend while all are stationary at first difference, I(1) under intercept with and without trend. However, all the variables are stationary at 1% under intercept with and without trend except for UEM which did not attain stationarity using the Phillips perrons in intercept and intercept and trend. The Autoregressive Distribution lag (ARDL) approach to cointegration will be used to estimate the model. Pesaran, Shin, and Smith (1999) are the ones who developed the ARDL co-integration method. "Consequently, a co-integration relationship using bounds tests can be examined" (Pesaran, Shin, & Smith, *2001*).

4.4 Lag length selection

TABLE 4.4: VAR Lag Order Selection Criteria

VAR Lag Order Selection Criteria						
Endogenous variables: EG UEM COM CSR						
Lag	LogL	LR	FPE	AIC	SC	HQ
0	-300.2971	NA	15284.70	20.98601	21.17460	21.04507
1	-200.7532	164.7623	48.75308	15.22436	16.16732*	15.51968
2	-179.1250	29.83203*	35.49371*	14.83621*	16.53354	15.36779*
* Indicates lag order selected by the criterion						
LR: sequential modified LR test statistic (each test at 5% level)						
FPE: Final prediction error						
AIC: Akaike information criterion						
SC: Schwarz information criterion						
HQ: Hannan-Quinn information criterion						

Source: Eview 10 computation 2021

From table 4.4 The maximum lag used is 2, determined by the “Alkaike information criterion (AIC), Schwarz Information criterion (SIC) and the Hanna-Quinn criterion”. According to the rule of thumb the best lag is that which has the lowest value. Looking at tables 4.4 the Akaike information criterion will be chosen because it has the lowest value 14.83621.

4.5 Bound Test Result

Before estimating the long run coefficient, the bound test is performed. Table 4.5 summarizes the findings. At the 5% significance levels, the F-statistics value stands at 4.311404, which is greater than the critical value. It exceeds the lower bound with 2.79 at 5% level of significance, as well as the upper bound with 3.67 at 5% level of significance. From the mentioned results earlier, the null hypothesis of no cointegration, therefore is annuled, implying the existence of longterm cointegration between Multinational Corporation and Cameroon economic growth.

Table 4.5: Summary of ARDL Bound test results

F-statistic 4.311404**		
Critical Value Critical Value Pesaran and Pesaran (1997) (Intercept with no trend) K= 3	Lower bound 1(0)	Higher bound 1(1)
1% significant level	3.65	4.66
2.5% significant level	3.15	4.08
5% significant level	2.79	3.67
10% significant level	2.37	3.2

*Note ** indicates a significant level of 5%*

Source: Eview 10 computation 2021

Since table 4.5 assumes long-run co - integration between the variables, the effect of Multinational Corporation on Cameroon's economic growth will be determined using a longterm estimation test, as shown in table 4.6.

4.6 Estimated Long-Run Coefficients using the ARDL approach.

Table 4.6 **Long-Run Coefficients using the ARDL approach.**

Dependent Variable: EG				
Method: ARDL				
Model selection method: Akaike info criterion (AIC)				
Dynamic regressors (2 lags, automatic): UEM COM CSR				
Selected Model : ARDL(2, 0, 1, 2)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.*
EG(-1)	0.198699	0.191568	1.037225	0.3120
EG(-2)	0.353832	0.161739	2.187672	0.0407
UEM	-63.27267	21.90284	-2.888789	0.0091
COM	-41.48792	18.66209	-2.223112	0.0379
COM(-1)	25.75952	15.58860	1.652459	0.1141
CSR	195.4087	130.9305	1.492462	0.1512
CSR(-1)	-61.00132	147.0735	-0.414768	0.6827
CSR(-2)	-146.0708	121.4420	-1.202803	0.2431
C	1486.269	6030.365	0.246464	0.8078
R-squared	0.927546	Mean dependent var		1100.550
Adjusted R-squared	0.898564	S.D. dependent var		325.8957
S.E. of regression	103.7945	Akaike info criterion		12.37183
Sum squared resid	215465.9	Schwarz criterion		12.79616
Log likelihood	-170.3915	Hannan-Quinn criter.		12.50472
F-statistic	32.00458	Durbin-Watson stat		2.534660
Prob(F-statistic)	0.000000			

Source: Author Construct

Notes: “(1) 1% level = ***, 5% level = ** and 10% level of significance = * Indicates the significance of all *p* -values at the respective degree of freedom”.

The long run ARDL outcome of table 4.6 reveals that the value of R-square stands at 0.927546, while the modified R-square value stands at 0.898564, insuatuing the scenario with independent variables accounting for 92 percent of the overall difference in Cameroon's economic growth. This explains that our model represents a reasonable measure of fit. The F-statistics (32.00458) shows the overall significance of the model at 1% level since its probability value (0.000000) is below 0.05% critical value, therefore, we can annul the null hypothesis.

The value for the Dublin Watson Statistic (2.534660) do not exceed the acceptable bound which implies there exist no serial autocorrelation. The maximum lag used is 2, determined by the Alkaike information criterion (AIC), Swatz Information criterion (SIC) and the Hanna-Quinn criterion.

The lagged value of per capita GDP growth is also integrated into the model, as shown in Table 4.6, to capture persistence and feedback effects over time. Furthermore, the fact that the lagged dependent variable is important in all models means that we can use ARDL with confidence.

Unemployment (UEM) and competition (COM) showed a negative and significant effect on the EG during the long run. This means that a 1% rise on Unemployment (UEM) and a 1% increase in competition (COM) would cause real EG per capita to fall by 63% and 41%, respectively in the current year. Competition (COM) exhibits a positive insignificant relationship in the first lag. This means that the effect or response of Competition (COM) is felt positively in the economy of Cameroon only after the second lag (2years) hence causing EG to rise at the rate of 25%. The results move correct with the work of Schumpeter (1942) which states that when development happens naturally without external stimulus in the channels of the circular flow, it results in a new equilibrium which deviates from the original equilibrium.

Corporate social responsibility (CSR) has a positive and insignificant relationship on Cameroon economic growth in the long run. This means that a 1% increase in corporate social responsibility (CSR) will lead to a corresponding increase on the EG of Cameroon by 195% respectively in the current year but exhibits a negative and insignificant relationship in the first and second lag in the long run. The study tie with the work of Nicolae & Sabina (2010) which was carried out on “the dimensions and challenges of social responsibility” with the focal point being how companies affect economic growth. this research concluded that social responsibility programs addressed real social needs thereby creating social benefits and thus contribution to economic growth.

4.7 Estimated Short-Run Coefficients using the ARDL approach.

Table 4.7 **Short-Run Coefficients using the ARDL approach.**

ARDL Error Correction Regression				
Dependent Variable: D(EG)				
Selected Model: ARDL(2, 0, 1, 2)				
ECM Regression				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(COM)	-41.48792	13.17859	-3.148130	0.0051
D(CSR)	195.4087	96.98452	2.014844	0.0576
D(CSR(-1))	146.0708	93.62423	1.560181	0.1344
CointEq(-1)*	-0.447469	0.087979	-5.086101	0.0001
R-squared	0.563560	Mean dependent var		18.06555
Adjusted R-squared	0.490820	S.D. dependent var		132.7847
S.E. of regression	94.75096	Akaike info criterion		12.09597
Sum squared resid	215465.9	Schwarz criterion		12.33171
Log likelihood	-170.3915	Hannan-Quinn criter.		12.16980
Durbin-Watson stat	2.534660			

Source: Author Construct Notes: "(1) 1% level = *, 5% level = **and 10% level of significance = * (Indicates the significance of all *p* -values at the respective degree of freedom)".**

Table 6 shows the short run relationship with the ARDL model in the lag of determination for 2, 0, 1 and 2. The ECM outcome of short-term shows value Competition (COM) have a negative and significant influence on Cameroons economic growth during the short run. It should be noted that competition in a less developed world like Cameroon is an expense.

Meanwhile corporate social responsibility (CSR) exhibits a significant short run effect on Cameroons economic growth. This means that a 1% increase in corporate social responsibility (CSR) during the short run period will cause a corresponding increase on the EG of Cameroon by 195% respectively.

Finally, the speed of adjustment back to equilibrium (ECM (-1)) showing that an unstable movement in the precious year equilibrium error can be adjusted during the following negatively at 1% significance level. The model is therefore stable at longterm. The ECM is (-0.447469) implying that the speed of adjustment to long-run equilibrium is approximately 48% annually with the given set of determinants in the long run.

CHAPTER FIVE

DISCUSSION

5.1 Introduction

The research is carried with the main goal to examine Multinational Corporation and how its actions affect the economic growth Cameroon. Herein provides a general rundown for this work and lays emphasis on the discussion of findings arrived at in chapter four hypothesis by hypothesis, and in the process, bring out some conclusions from above results of the research work. Recommendations are thereafter laid down after the conclusions from the study. The last section includes some propositions for further research which works in the same light as the study findings.

5.2 Discussion of Research Findings

The contributions of Multinational Corporation to economic growth have been debated emphatically by scholars around the world. This debate has been tailor made to focus on the ways by which multinational corporations may stimulate economic growth for the recipient countries

This study was anchored on four main objectives as contextualized in figure 2.1 upon which the hypotheses were tested based on GDP which was used as a proxy for economic growth and competition, unemployment and corporate social responsibility as measures of multinationals. In line with the above findings and the objectives are discussed thereof;

H_{01}: Multinational Corporation has no effect on the short and long-run economic growth of Cameroon.

The finding revealed from the bound test that at 5% significance levels, the F-statistics value stands at 4.311404. It exceeds the lower bound with value 2.79 at 5% level of significance, as well as the upper bound valued at 3.67 at 5% level of significance.

The results show that the null hypothesis of no cointegration is annuled, and that there cointegration between Multinational Corporation and Cameroon economic development during the long-run period. Similarly, the error correction term also shows that the exits relationship between the variables during the short-run. The ECM results of short run indicate that value Competition (COM) have a negative and significant influence on Cameroons economic growth in the short run. It should be noted that competition in a less developed world like Cameroon is an expense this short run effect is in line with the work of Dinh, *et al, (2019)* on “foreign direct investment and economic growth in the short run and long run: with empirical evidence from developing countries”.

Meanwhile corporate social responsibility (CSR) exhibits a significant and short run effect on Cameroons economic growth during the short run period. This means that a 1% increase in corporate social responsibility (CSR) durind the short run period shall cause a simultaneous increase on the EG of Cameroon by 195% respectively.

This short run results tie with the work of Espigares & López , (2006) carried out on “corporate social responsibility and economic growth”.

Finally, the speed of adjustment back to equilibrium (ECM (-1)) The ECM is (-0.447469) implying that the speed of adjustment to long-run equilibrium is approximately 48% yearly with the given set of determinants in the long run.

H_{02}: Unemployment has an effect on economic growth in Cameroon.

The results showed that Unemployment (UEM) showed a negative and significant effect on the economic growth of Cameroon. This implies that a 1%

rise in Unemployment (UEM) shall would cause real EG per capita to fall by 63% respectively in the current year. A country that has high rate of unemployment like Cameroon will certainly add nothing to its growth. it's often referred to as a sleeping economy. The results are in line with our prior expectation and with the work of Schumpeter's (1942) "theory of economic development and the effect of entrepreneurship effects on the economic growth".

H_{03}: Competition between Multinational Corporation has an effect on the economic growth in Cameroon.

The results for competition (COM) captured through import and export showed a negative and significant impact upon the economic growth of Cameroon. This means that a 1% rise in competition (COM) would cause real EG per capita to fall by 41%, respectively in the current year. Competition (COM) exhibits a positive insignificant relationship in the first lag. This means that the effect or response of Competition (COM) is felt positively in the economy of Cameroon only after the second lag (2years) hence causing EG to rise at the rate of 25%. The outcome follows the findings of Schumpeter (1942) "theory of economic development and the effect of entrepreneurship effects on the economic growth".

H_{04}: Corporate social responsibility has an effect on the economic growth in Cameroon.

Corporate social responsibility (CSR) has a positive insignificant effect on Cameroon economic growth. This means for every 1% increase in CRS, it influences shall cause a corresponding increase for the given value of the Economic growth of Cameroon by 195% respectively in the current year but exhibits a negative and insignificant relationship in the first and second lag in the long run. The study tie with the work of Nicolae & Sabina (2010) on the dimension of corporate social responsibility.

CONCLUSION

This research work aims at examining the effect of Multinational Corporation on the economic growth Cameroon. Based on the empirical research results, it is clear that multinational corporations contribute to growth in the economy of Cameroon when considering its social responsibility.

Unemployment and competition contribute negatively to economic growth during the long run period. With these results, in order to achieve economic growth, transnational enterprises are more of an asset to foster the development of the economy. Local development is also needed to attract more MNCs.

On these, efforts should also be directed at deepening the activities of companies to increase their corporate social responsibility activities to drive the economy. As concern unemployment the government should create more opening for youths in Cameroon by organizing workshop seminar to empowered the youths. The government should also reduce taxes to encourage young entrepreneur to open business. This gesture will lead to employment and hence eventually lead to the economic growth of Cameroon. Policy and central controlling bodies should make an encouraging and welcoming atmosphere so as to welcome transnational bodies through regional development, create confidence through a friendly working relation, remove structural barriers and improve governance so as to trigger foreign companies and individuals to invest more in the country.

This can be obviously seen because revenue and income movement gotten through direct investments of MNCs (through capital transfer and tax revenues) are way less stressful to take rather than funding from traditional channels such as the IMF, national development organizations, or non-profit organizations. Finally, government should encourage healthy competition among competing firms by encouraging first home industries over foreign industries through taxes and giving restrictions to foreign companies.

Suggestions for Further Research

1. A comparative survey for the effects of foreign direct investment on the developed and emerging countries.
2. The influence of competition on transnational corporations in less developed countries.
3. Globalization impact on multinational enterprises

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APPENDIX

STATIONARITY

Null Hypothesis: EG has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=7)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-0.751602	0.8182
Test critical values:	1% level	-3.670170	
	5% level	-2.963972	
	10% level	-2.621007	

*'MacKinnon (1996) one-sided p-values'.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(EG)
Method: Least Squares
Date: 07/07/21 Time: 11:18
Sample (adjusted): 2 31
Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
EG(-1)	-0.059260	0.078845	-0.751602	0.4586
C	79.20863	88.61491	0.893852	0.3790

R-squared	0.019776	Mean dependent var	15.13362
Adjusted R-squared	-0.015232	S.D. dependent var	131.4597
S.E. of regression	132.4571	Akaike info criterion	12.67474
Sum squared resid	491257.0	Schwarz criterion	12.76815
Log likelihood	-188.1210	Hannan-Quinn criter.	12.70462
F-statistic	0.564906	Durbin-Watson stat	2.360314
Prob(F-statistic)	0.458562		

Null Hypothesis: D(EG) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=7)

		t-Statistic	Prob.*
Phillips-Perron test statistic		-5.229265	0.0011
Test critical values:	1% level	-4.309824	
	5% level	-3.574244	
	10% level	-3.221728	

*MacKinnon (1996) one-sided p-values.

Bound test results

ARDL Long Run Form and Bounds Test
Dependent Variable: D(EG)
Selected Model: ARDL (2, 0, 1, 2)
Case 2: Restricted Constant and No Trend
Date: 07/08/21 Time: 22:35
Sample: 1 31
Included observations: 29

Conditional Error Correction Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1486.269	6030.365	0.246464	0.8078
EG(-1)*	-0.447469	0.125325	-3.570462	0.0019
UEM**	-63.27267	21.90284	-2.888789	0.0091
COM(-1)	-15.72840	15.34459	-1.025012	0.3176
CSR(-1)	-11.66343	101.7069	-0.114677	0.9098
D(EG(-1))	-0.353832	0.161739	-2.187672	0.0407
D(COM)	-41.48792	18.66209	-2.223112	0.0379
D(CSR)	195.4087	130.9305	1.492462	0.1512
D(CSR(-1))	146.0708	121.4420	1.202803	0.2431

* “p-value incompatible with t-Bounds distribution”.
** Variable interpreted as Z = Z(-1) + D(Z).

F-Bounds Test — Null Hypothesis: No levels relationship

Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	4.311404	10%	2.37	3.2
k	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66
			Finite Sample:	
Actual Sample Size	29		n=35	
		10%	2.618	3.532
		5%	3.164	4.194
		1%	4.428	5.816
			Finite Sample: n=30	
		10%	2.676	3.586
		5%	3.272	4.306
		1%	4.614	5.966

ARDL RAW DATA

Dependent Variable: EG
Method: ARDL
Date: 07/09/21 Time: 06:39
Sample (adjusted): 3 31

Included observations: 29 after adjustments
Maximum dependent lags: 2 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (2 lags, automatic): UEM COM CSR
Fixed regressors: C
Number of models evaluated: 54
Selected Model: ARDL(2, 0, 1, 2)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
EG(-1)	0.198699	0.191568	1.037225	0.3120
EG(-2)	0.353832	0.161739	2.187672	0.0407
UEM	-63.27267	21.90284	-2.888789	0.0091
COM	-41.48792	18.66209	-2.223112	0.0379
COM(-1)	25.75952	15.58860	1.652459	0.1141
CSR	195.4087	130.9305	1.492462	0.1512
CSR(-1)	-61.00132	147.0735	-0.414768	0.6827
CSR(-2)	-146.0708	121.4420	-1.202803	0.2431
C	1486.269	6030.365	0.246464	0.8078

R-squared	0.927546	Mean dependent var	1100.550
Adjusted R-squared	0.898564	S.D. dependent var	325.8957
S.E. of regression	103.7945	Akaike info criterion	12.37183
Sum squared resid	215465.9	Schwarz criterion	12.79616
Log likelihood	-170.3915	Hannan-Quinn criter.	12.50472
F-statistic	32.00458	Durbin-Watson stat	2.534660
Prob(F-statistic)	0.000000		

*"Note: p-values and any subsequent tests do not account for model Selection".

ARDL Error Correction Regression
Dependent Variable: D(EG)
Selected Model: ARDL(2, 0, 1, 2)
Case 2: Restricted Constant and No Trend
Date: 07/09/21 Time: 06:51
Sample: 1 31
Included observations: 29

ECM Regression
Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(EG(-1))	-0.353832	0.137249	-2.578018	0.0180
D(COM)	-41.48792	13.17859	-3.148130	0.0051
D(CSR)	195.4087	96.98452	2.014844	0.0576
D(CSR(-1))	146.0708	93.62423	1.560181	0.1344
CointEq(-1)*	-0.447469	0.087979	-5.086101	0.0001

R-squared	0.563560	Mean dependent var	18.06555
Adjusted R-squared	0.490820	S.D. dependent var	132.7847
S.E. of regression	94.75096	Akaike info criterion	12.09597
Sum squared resid	215465.9	Schwarz criterion	12.33171
Log likelihood	-170.3915	Hannan-Quinn criter.	12.16980
Durbin-Watson stat	2.534660		

* "p-value incompatible with t-Bounds distribution".

PLAGIARISM REPORT

THE EFFECT OF MULTINATIONAL CORPORATION ON ECONOMIC DEVELOPMENT OF DEVELOPING COUNTRIES: CASE OF CAMEROON

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ETHICS COMMITEE APPROVAL

YAKIN DOĞU ÜNİVERSİTESİ

BİLİMSEL ARAŞTIRMALAR ETİK KURULU

28.09.2021

Dear Etunyi Etunyi Ashime

Your project **"**The Effect of Multinational Corporations on the Economic Growth of Developing Countries: Case Of Cameroon**"** has been evaluated. Since only secondary data will be used for the project, it does not need to go through the ethics committee. You can start your research on the condition that you will use only secondary data.

Assoc. Prof. Dr. Direnç Kanol

Rapporteur of the Scientific Research Ethics Committee

Note: If you need to provide an official letter to an institution with the signature of the Head of NEU Scientific Research Ethics Committee, please apply to the secretariat of the ethics committee by showing this document.