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# Human Resource Management Issues at a Rising Entrepreneurial Company in Cameroon: Employees' Perspective.

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## Abstract

This case study examines the human resources practices in Universal-Cameroon Link, a promising small business in Cameroon. In-depth interviews were conducted with current and past employees to gain insight into their perspectives on management implementation of human resource management strategies and their (non-)effectiveness. Management treatment of employees not as significant contributors to the growth and success of the business, but mere as “tools” has resulted in distrust from both parties. Employees’ dissatisfaction is exhibited through actions such as absenteeism and turnover while management practices of withholding earnings, nepotism, forfeiting overtime payments and bullying employees are indications of serious human resource management challenges for the business. Based on these discussions, targeted areas/questions are identified for management consideration to ensure the maximum utilization of the employees’ contributions to the success of the business.

**Keywords:** Equal pay, employee satisfaction, employee turnover/retention, employee contract, management conduct

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## Introduction

Organizations, from large multinational corporations to small and midsize enterprises, rely on the effective and efficient use of their employees' talents to achieve their goals. Scholars have maintained that the role of human resource management is crucial for the success of a firm's performance and general competitiveness in the industry (Patel and Cardon, 2010; Razouk, 2011; Williamson et al., 2002). Other scholars suggest that human resource management is pivotal for the success of an organization (Wright et al., 2005). However, differences in employees' perceptions and management strategies and practices of human resources can pose challenges for small and medium sized businesses. An effective management of human resources can improve the performance of employees and also increase productivity and profits for the business.

This case study examines the human resources practices in Universal-Cameroon Link, a promising small business in Cameroon. Using the grounded theory approach, in-depth interviews were conducted with fifteen current and past employees to gain insight into their perspectives on management implementation of human resource management strategies and their (non)-effectiveness. Each interview lasted approximately one hour. The interviews were conducted during the weekends or on weekdays after working hours. The research project was conducted from December 2014 to February 2015. Open-ended questions were used and follow-up questions to answers were made for clarification or to acquire additional information. All the interviewees consented to the use of a recording device during the interviews. The interviewees willingly participated in the study and did not receive any financial

benefits. The responses were carefully summarized and classified. These summaries provided a reservoir of valuable information from which to make informed suggestions/recommendations or a strong based spring board for a review of the overall human resource practices at Universal-Cameroon Link. Based on these discussions, targeted areas/questions are identified for management consideration to ensure the maximum utilization of the employees’ contributions to the success of the business.

## **Background**

Universal-Cameroon Link<sup>1</sup> was founded in 2002 by a husband and wife team with a vision of changing the service industry in Cameroon. Their first store was opened in Bamenda, Northwest Region of Cameroon and initially focused on offering special brand items to customers by introducing international brands mainly to customers who had lived or studied abroad before returning to Cameroon to live or work. During the first seven years the company experienced huge success. Their goods variety and services were appealing not only to returning Cameroonians but to expatriates as well. The combination of western style supermarket and a restaurant was very convenient for busy patrons. Moreover, the bread and pastries were freshly baked daily. Universal-Cameroon Link was the first business to introduce a western-style café with espresso coffee, café latte and various other freshly brewed coffee drinks in the Northwest Region. This success led to increasing sales, profits, and popularity and quickly attracted well to do and middle class Cameroonians.

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<sup>1</sup> Not the real name of the company. Interviews were conducted only with selected current and past employees who spoke on the condition that their names are not mentioned in the case study.

As a result, the owners of Universal-Cameroon Link decided to expand their business to cope with the increased demand. First, they opened a poultry farm to supply the eggs and chicken needed for their most popular menu item, kebab and roasted chicken. Second, they sold eggs and packaged chicken in their store according to customers' demands. Carrying out this expansion meant that the workforce increased as well as widening the management's span of control. The company started with five full time and two part-time employees in 2002 and by 2014 had 35 full time and 15 part-time employees. The management team was comprised of the General Manager (GM), Personnel Director, Accountant, Sales and Purchasing Director, and four supervisors.

## **The Present Situation**

Their business is situated one street from the heart of the commercial district in Bamenda, the capital of the Northwest Region. Employees were recruited mainly from the locality but special skills employees, particularly related to the bakery, were hired from Douala and Yaoundé, the business and political capitals of Cameroon respectively. Initially, all new employees received orientation to the business and specific training in their areas. Training lasted from one day to one week and employees were paid during those times. Eventually, management reduced the training time or discontinued it altogether and relied on employees who had been with the company longer to help the new comers. This was an attempt for management to save money but instead it caused conflict between the employees and resulted in some customers complaining about the long wait to be served. Though the company appears to be flourishing, there seems to be an increase in employees' dissatisfaction with

management, compensation, promotion, and incentive rewards leading to turnover and retention challenges for management.

The experienced workers are passed over for promotion in favor of newly hired relatives of the owners. The new hires are placed in supervisory positions with no experience and are paid more. This practice of nepotism is causing conflict among employees and between managers and employees. Employees work long hours without overtime payments in violation of the Labour Code of Cameroon, Section 80(1), p. 25, which states that “Statutory hours of work in public and private non-agricultural establishments may not exceed forty hours per week. Furthermore, the management and owners are discourteous, verbally abusive, and openly state that employees should be happy for their jobs because many other qualified workers are unemployed. Moreover, management started paying employees late and at times only part of the pay is advanced to employees. Section 67 (2) of the Labour Code of Cameroon specifies that “Monthly payments shall be made not later than eight days following the end of the month of employment in respect of which the wages are due.” Employees assert that failure to receive salaries on time hinders their ability to pay rents on time and causes conflicts with their landlords. In one instance an employee’s child was two weeks late for school because the father did not receive his pay on time and so could not pay the tuition.

Another management practice is to give higher pay to male employees even though some females are more qualified and have more experience. A female employee was once told that “she does not wear the pants at home” meaning that the male is the main breadwinner of a household. According to Section 6 (2), p. 21, of the Labour Code of Cameroon, “For the same

type of work and level of proficiency, workers shall be entitled to the same remuneration, irrespective of their origin, sex, age, status and religion, subject to the provisions of this section.”

Management also started yelling at employees in the presence of clients. To meet with the demands of customers, management engaged in the practice of systematically moving employees from one section of the company to the other without orientation or training for the assigned tasks. For example, a cashier was moved to the butchery and asked to package chicken while a bar tender was asked to attend to the cash register. In one instance, a cashier was asked to interview candidates for positions in the poultry farm. Meanwhile, the success of the business has attracted competition and other businesses engaging along the same idea of catering to the growing expatriate community. In addition, the quality of service on which the business had built its reputation was declining leading to shrinking profits and market share was also suffering.

Employee contracts are just a piece of paper according to an employee who is currently searching for a new job though “still passing time here.” The Labour Code of the Republic of Cameroon stipulates under the general provisions that 1) “A contract of employment shall be an agreement by which a worker undertakes to put his services under the authority and management of an employer against remuneration” and 2) “Contracts of employment shall be negotiated freely” (Law No. 92/007 of 14 August 1992, p. 10). At Universal-Cameroon Link contracts are given at the will of management and also enforced at will. There is no negotiation of the terms of a contract; the contracts are usually vague; and, in most cases, the employees



are pressured to sign without reading the complete contract. Those employees who insist on reading or negotiating the contract are singled out as “potential enemies” and accused of not trusting management. Job descriptions and specifications while not available in the contract but stated at the time of employment are often overlooked; employees usually do not remember details of verbal information they received. Though some HR practitioners and researchers uphold hiring employees for organization fit not just for specific jobs, such approaches require a wide variety of training and rotation of jobs systematically [Lim, Mathis & Jackson (2010); Daft, (2014); Mathis & Jackson (2004); Lim, Chua, Skulkerewathana & Daft (2015)]. Such training is clearly lacking at the Universal-Cameroon Link Company.

About 30 percent of the employees have either been fired or quit voluntarily. Tardiness is a problem and absenteeism has increased. Employees are routinely forced to perform duties/tasks that are not specified in their employment contracts and are rebuked when they question such assignments especially since they are not paid extra for the work. Many of the employees who call in sick were actually working part-time at other jobs where the incentives are better. Other employees used the time to search for other job opportunities or attend interviews. The dissatisfaction of employees is compounded by the fact that the management refuses to sign forms that will enable the government to pay a certain percentage of their salaries to match their education and experience. The program was started by the Ministry of Labor to provide assistance and encouragement to small businesses to hire qualified applicants. Some employees have taken their case against Universal-Cameroon Link to the Labor Department in the Northwest Region. This tension among these employees and management is

felt by other employees who worry too about their own situation. As a result, the management is faced with retention challenges and low morale of employees.

Inadequate facilities must be addressed as well. As the business is booming, it appears that the facilities are inadequate causing some problems such as parking, long waits to cash out, congestion in the store, and long waits to be seated in the café. Nevertheless, customers grudgingly ignore these inconveniences in return for the special goods and services they get from the business. High employee turnover, management attitude towards employees, non-enforcement of employee contracts, inadequate and untimely pay, nepotism, low employee morale, customer dissatisfaction, long working hours, and non-payment of overtime hours are HRM issues that management and proprietors of Universal-Cameroon Link Company must address in order to turn the company around and regain its competitive advantage in the service industry.

### **Managements' (Owners) Attitude**

The proprietors of "Universal-Cameroon Link" are a husband and wife team who are both graduates from universities in Europe and America. Though their post-graduate degrees are not in the business related field, they had a good business concept and for a short time were successful and became the envy of other entrepreneurs. However, their focus on profits and enriching themselves blinded their goal and vision. According to one employee who was head of personnel, the owners used the money to support their own personal life style and treated workers like their "house helps." They wear designer outfits and drive fancy cars, but

are reluctant to pay employees fair wages or even take advantage of the state offered incentives to match employees’ salaries.

The owners also felt that by adding a “white” face to the team of employees the company was distinguishing itself as a true global business. Employees’ complaints about this manager quickly mounted but fell on the deaf ears of the owners. The “White” manager, as he was referred to by employees, was a “dictator” who never listened to employees but relied on them to do his work. He was also referred to as a “two-faced Whiteman” because in meetings with the owners and employees he portrayed himself as a caring, understanding, and professional team leader but in reality he was one who will scream at employees for bringing him bad coffee and call them lazy when they were alone. According to the employees, this General Manager was also manipulative in that when he needed to prepare a report for the owners, he would act very nicely to the employees on whom he relied to get the report since he did not know how to prepare it. He would call them “buddies,” “partner,” and even “boss” and will offer gifts prior to asking them for help. Unfortunately, the White manager had inadequate education, training, and experience and later the Labor Department questioned his degrees leading to his dismissal.

The proprietor couple frequently gives instructions to employees which must be followed immediately even if it means postponing the task at hand. Breaking or interfering with the chain of command puts pressure on employees who grumble about the stress of “just seeing his or her car arrive” at the premises because “you never know what mood he or she is in and what to expect.”

## **What Needs to Be Done?**

Attracting and retaining employees is one of the most important issues facing small and big organizations in today's highly competitive business environment; employee turnover can have damaging consequences to both the organization and employees. The costs associated with recruiting an employee continue to increase and is a great financial loss to the company. While for the employee, the moral damage and the prospects of having to explain their "failure" with a prior company to a prospective employer can be very traumatic. Whether turnover is voluntary (initiated by employee) or involuntary (initiated by employer), the costs associated with turnover are impossible to ignore. In order to tackle this critical issue, it is necessary for managers to first of all determine and understand the causes and effects of turnover in the organization and individuals. Turnover is tougher on small organizations in that the departing workers are those with particular skills; their leaving causes a serious blow to the culture; there is a smaller pool of employees from which to replace departed employees; and there are inadequate resources to cover replacement costs (Allen, 2008).

Why do employees separate from Universal-Cameroon Link Company at a high rate and why do some stay? How can the management of Universal-Cameroon Link Company develop an effective retention plan given the current situation? What strategies can management implement to enhance employee morale? While it is critical to develop strategies for managing both functional and dysfunctional voluntary turnover, more attention should be on the latter which is more harmful to the organization especially when highly skilled workers leave. How can Universal-Cameroon Link Company regain employees' trust? What strategy should be

implemented to ensure improvement in the market share and to recapture or maintain the competitive advantage? Did the company expand too fast?

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