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Accounting Policy and Performance of Limited Companies in Cameroon

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Abstract

The issue of company performance relates to the sustainability of companies based on accounting policy. This article examines the role of accounting policy on performance by going beyond the simple perspective of financial performance. Thus, a review of the literature on the factors influencing the performance of the company, in particular its sustainability, makes it possible to highlight; agency theory and governance to explain the multidimensionality of accounting policy which can facilitate the understanding of its links with business performance. By comparing the samples of active public limited companies (PLC) and those that have disappeared, we will question the differences between the two groups in terms of characteristics specific to accounting policies and business performance. The empirical assessment concerned two categories of Limited companies with a sample of 44 between 2018 and 2021. The results highlight the accounting policy is linked to the size of Limited companies as factors favoring company performance.

Keywords: policy, accounting, performance, Public limited Companies.

1. Introduction

In the Cameroonian economy, limited companies are considered real vectors of job and wealth creation and constitute an engine for growth and an important player in poverty reduction. However, to be an emerging country, Cameroon must have an economy capable of

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creating more wealth for its prosperity and to face global competition by focusing much more on small and medium-sized businesses. But in view of the current performance of these companies, they appear insufficient to allow Cameroon to have a strong and very competitive economy. Thus, in 2013, the Cameroonian State officially launched a reform which made it possible to reduce the time taken to create businesses from several months to 17 days. This simplification and digitalization of the creation procedure organized by the Ministry of Small and Medium Size Enterprises, Social Economy and Crafts has made it possible to multiply by 28 the number of companies created between 2018 and 2022.

It is undoubtedly likely to note that this strong birth of companies is accompanied by performance difficulties. This is how CAMERCAP (2016) notes that “More than 7 out of 10 companies created between 2010 and 2015 did not survive until May 2016 and are non-existent in the files of the General Taxation Directorate (DGI) of this month ". However, National Institute of Statistics NIS (2021) estimates the disappearance rate of PLCs at 72.24% between 2010 and 2015. In the private sector, we note a lot of disappearance of companies such as SOBAF and especially in the field of financial institutions. In less than four years, several companies have experienced infant mortality, including GBF (Goldy Businessmen Fund) in 2008, CAFCO (Compagnie Agricole, Forestière Commerciale) in 2017, Comeci in 2019. One of the reasons given to justify the early mortality of these PLCs arises from the accounting policies and methods that they adopt and which aim to give the accounting figures more of the information desired by the managers. Likewise, the results of (2017) show that 80% of PLCs in Cameroon keep accounts within the sense of OHADA accounting law and the majority outsource the accounting function for the benefit of accounting firms. Although not unanimous, the performance of companies would depend on some accounting management indicators and among these indicators we can cite accounting policies and methods. According to Casta and Ramond (2009), accounting policies bring together all the decisions that influence the figures and/or modify the content and form of financial statements. There can therefore be differences in the performance of a company depending on the accounting policies and methods that it adopts, hence the need to work on the accounting policies and performances of PLCs in Cameroon.

Cameroonian PLCs are characterized by numerous difficulties including fraud, accounting information and falsification of accounting policies which sometimes create uncomfortable situations, leading some of them to bankruptcy. These difficulties result in various

consequences, namely: high debt levels, negative results, closure of businesses, etc. Despite all these problems facing PLCs, researchers have not remained indifferent. In Cameroon, several research studies have proposed solutions to this problem: Wamba and Tchamanbe (2002), Nkakleu (2003), Wamba (2002, 2012, 2013), Wamba and al.(2014), Feudjo and Tchankam (2013) thought that we must design new mechanisms likely to lead banks, which nevertheless remain over-liquid, to trust local businesses and finance their activity and growth. Ndong (2004) subsequently suggests that PLCs must work hard to optimize the use of computers, which could thereby constitute a real tool for competitiveness and performance. Iribarne (2006), for his part, believes that: "what cannot be measured cannot be improved". Therefore, to improve performance, it is important for a company to measure these results.

The accounting policy carried out by managers is part of the overall accounting policy of companies. However, poor performance can therefore lead managers to modify the company's accounting policy. This leads us to focus on the accounting policy that maximizes the performance of the company. From the above, our work focuses on accounting policies linked to the performance of PLCs in Cameroon. The problem of our research is summarized in the following central question: How do accounting policies constitute a lever for the performance of PLCs in Cameroon? In other words, what are the factors that determine the policy of accounting methods?

The objective of this research is to evaluate the influence of accounting policy on the performance of small and medium-sized enterprises in Cameroon. We will then successively present the accounting policy indicators, a review of the literature, the methodology as well as the results obtained.

1.1. Accounting Policy Indicators

Saada (1995) uses four accounting methods to analyze profit strategies, namely: the depreciation system, the depreciation period of goodwill, the inventory valuation method and the taking into account of pension commitments.

1.1.1. Depreciation Methods or Systems

Each company is free to decide on the depreciation method. The decision to apply one or the other method must be mentioned and inserted in the appendix to the annual accounts as well as the depreciation period. The different methods used in SYSCOHADA are as follows:

- -Constant or linear depreciation: this is the most used calculation method. Every year, fixed assets are depreciated at the same rate and on the same basis. If the asset is acquired

during the year, the time taken is the duration between the first day of service and the end of the year. The depreciation period of the asset is judged by the tax administration based on its presumed lifespan.

- -Degressive or decreasing depreciation: this is the management of an investment spread over a given period so as to cover more at the beginning than at the end. It is characterized by the application of a constant rate to a decreasing value. Consequently, the declining depreciation annuity is decreasing, which is different from the linear depreciation annuity which is constant. When a country's tax legislation authorizes decreasing depreciation, it allows companies to increase the amount of allocations, and therefore expenses, around the first financial years. As a result, the company paying less tax on profits will be able to recover its investment more quickly.

1.1.2. The Duration of Goodwill Depreciation

Goodwill represents the difference between the net assets of a company's balance sheet and its market value or the goodwill corresponding to the excess of the acquisition cost during an equity investment or a merger. Depreciation spreads the acquisition costs of a fixed asset over its useful life or probable use, or even over the economic life of an asset. The duration of usefulness or use depends on technical and economic wear while the economic lifespan can be expressed in units of time, units of consumption or a combination of the two:

-The simple duration: here, the depreciation expressed in number of years serves as the basis for calculating the useful life. The company anticipates that it will exhaust its entire stock of services over a given number of years;

- -Purely quantitative use: the supply stock of the asset is expressed in quantitatively measurable units;
- -A combination of duration and use: the lifespan is expressed in units of time, on the one hand, and in units of consumption, on the other hand;

1.1.3. The Inventory Valuation Method

In terms of inventory management, the valuation of outputs when calculating the cost price after storage is done using the following methods:

- The weighted average cost or weighted average unit cost method (WAC/WAUC): it is generally used for stock valuation of non-perishable materials that can be stored over a long period. The CUMP method is subdivided into two methods, namely:

- the periodic WAUC method where outputs are evaluated at a weighted average unit cost of goods receipts + initial stock, calculated over a monthly, quarterly or annual period, depending on company policy.
- The WAC (or WAUC) method after each entry or exits are evaluated at the last weighted average unit cost calculated after each merchandise entry.
- The first in, first out method (PEPS/FIFO): It is more used for valorizing the output of perishable products whose long storage is not recommended due to the loss of value or quality.

- The last in, first out method (DEPS/LIFO): unlike the FIFO method, the LIFO method consists of calculating the value of consumption assuming that the batches entered last will be taken out first. The storage of some categories of goods strictly obeys this rule because the longer their stay in the storage areas, the more quality and value the products acquire. In periods of inflation, it helps reduce losses by applying the current market price. The LIFO method has the advantage of adjusting to price variations.

Very often, it happens that a PLC uses these three methods depending on the types of materials purchased or marketed.

1.1.4. Taking into Account Retirement Commitments

Generally, retirement systems are designed for the formal sector (state employees, private sector employees and somespecific professions).

In CIPRES countries, the retirement system is designed around the Bismarckian model[2]. It consists of a compulsory pension scheme whose management is entrusted to state companies (institutions) often enjoying legal personality and financial autonomy; and an optional retirement plan managed by private companies, namely insurance companies (Gbongue, planchet and Abderrahin, 2015).

- -Mandatory pension schemes: in the CIPRES zone, they correspond to the basic scheme and only cover employees in the formal sector (public and private sector employees). This retirement system is managed by pay-as-you-go, meaning that retirees' pensions are financed directly by contributions taken at the same time from the active population affiliated to the system.
- -The optional retirement plan: it is a voluntary retirement plan, not covered by the laws of the country concerned. It is insured by private insurance companies whose control body is

[2] This model is based on the conception of Chancellor Bismarck. It is social protection (unemployment, family responsibilities, illness)

CIMA. In this scheme, the worker must build up savings during his working life in order to have capital or an annuity upon retirement. Here, two methods of financing retirees are possible: the first is that of self-financing (each individual finances their own retirement) and the second method is organized within the company or a sector of activity, granting to each of the members of these schemes a supplement to social security.

The Cameroonian social security system is a social insurance scheme and includes two schemes: the scheme for workers covered by the labor code, managed by the National Social Insurance Fund (NSIF); and the regime for civil servants and all the like, managed by the State (Ministry of Finance). In Cameroon, the basic pension plan is compulsory, with defined benefits and financed on a pay-as-you-go basis.

2. Accounting Policy and Performance of PLCs: A Literature Review

Towards the beginning of the 1990s, the countries of French-speaking Africa adopted a treaty establishing a "harmonized"[3] accounting framework called the OHADA accounting system (SYSCOHADA). This system came into force in the majority of signatory countries towards the end of 1990. (Pérochon, 2000; Gouadain 2000). This is how each country concerned puts this standard into practice and each of these countries has the possibility of making an accounting option policy. However, several theories can explain the adoption of some accounting policies on business performance: institutional theory and transaction cost theory.

2.1. Accounting Policy and Performance: What does Institutional Theory Say?

According to Sadi (2011) "this school of thought seeks to situate accounting in its socio-economic and institutional context and to analyze its evolution to understand its usefulness and its future directions". It also allows us to analyze the external factors that influence accounting policies. We first address the origin and contributions of institutional theory to management sciences and secondly the link between institutional theory and accounting.

2.1.1. Origin and Contributions of Institutional Theory

Barbu (2006) notes three essential phases that can be identified in the history of institutional theory. The first is the institutionalism phase: it tends to explain individual behavior within a collective structure and studies the relationships between individuals and their environment; the second is the phase linking the organizations and the institution: this phase defines the

[3] In reality, this is an accounting reform since the countries concerned (except Togo for example) already had a single reference system, the OCAM plan. Causse (1999)

organization as a group of individuals who structure, order and manage resources in order to achieve a common objective. The institution for its part is an entity resulting from environmental pressures and social needs; the last is the neo-institutionalism phase: this phase developed in organization theory in the 1980s (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). It deals with politics between the forms of governance of organizations. The basis of this theory is that organizations adopt structures in response to expectations external to the organization (Meyer and Rowan, 1977). Managers carry out activities that can be described as symbolic[2]. They include organizational restructuring, language development among other things. According to Colasse (2000), this trend seeks to interpret accounting practices, in particular accounting policies at the level of standard-setting bodies on the one hand (Touron, 2004) and at the level of evaluation and accounting methods within the company on the other hand (Demaria, 2008). Managers use these symbolic activities to affect the images of organizations and their members by providing: "explanations, rationalizations and justifications for activities undertaken in the organization" (Pfeffer, 1981, cited by Brown, 1994). In this regard, the adoption of the international accounting framework can serve as a justification for changes in internal structure.

2.1.2. Link between Institutional Theory and Accounting

Recent trends in institutional theory emphasize the conditions of laws or norms. In recent decades, accounting work has emerged that fits into the institutional theory framework (Covalesky and Dirsmith, 1988; Mézias, 1990; Fogarty, 1992). These studies cover the entire accounting field: accounting, professional and standard-setting organizations, management control. Just like political-contractual theory, convention theory and neo-institutional and institutional theory are used to explain accounting in general and corporate accounting policies in particular. In the case of deferred taxes, actions between the profession, regulatory agencies and firms make it possible to predict the accounting practices of firms. The effects of social contexts and regulatory changes would prove decisive in accounting policies. The institutional variables have significantly better explanatory power than the economic model variables. (Mézias, 1990). Dimmagio and Powel (1983) develop basic concepts regarding institutional legitimacy such as isomorphism and organizational scope.

2.1.3. Institutional Isomorphism Mechanisms

The different pressure mechanisms defined by Dimmagio and Powel (1983) are considered a basic element of neo-institutional theory. Haw-Ley's (1968) defines isomorphism as a process of constraint that forces a unit in a population to congregate with other units that face

the same set of environmental conditions. Thus Kanter (1972) considers institutional isomorphism as forces pushing organizations towards adaptation with their environment. Dimaggio and Powel (1983) distinguish three isomorphism mechanisms: coercive isomorphism[4], normative isomorphism[5] and mimetic isomorphism[6].

2.2. The Relationship between Accounting Policies and Performance with Regard to Transaction Cost Theory.

The notion of transaction costs was introduced for the first time by Ronald Coase in 1937. The main sources of transaction costs are constituted by the ambiguity of performance and the incompatibility of the goal which characterizes a situation or one of the parties intend to promote their own interests to the detriment of the other (Bowen and Jones, 1986). It exposes the dynamics of the social relations involved in the exchange relationship. It is thanks to the work of Williamson (1979) that the notion of transaction cost takes on its full scope. Thanks to this concept, the theory of transaction costs is able to account for the existence of a firm in a market economy. According to Williamson (1979), opportunism involves a strong search for one's own interest, which occurs when parties make unfulfilled promises to maximize their returns, each at the expense of the other. This author explains transaction costs based on the limited rationality and opportunism of agents.

2.2.1. The Principle of Limited Rationality

Herbert Simon is the founding father of the principle of bounded rationality. This principle indicates that individuals do not have the elements to carry out a purely rational policy. However, individuals (leaders) must make decisions in a vague context, which forces them to opt for some rules or some attitudes which would not be the most appropriate in a situation where “everything would be perfectly clear”.

2.2.2. Agent Opportunism

According to Williamson (1994) Opportunism is defined as “the pursuit of personal interest which involves the notion of deception”. In this context, managers can seek to deceive other agents by trying, through accounting policies and methods, to increase their current profits at the expense of the firm's future results. Although the manager adopts his accounting policy to

[4] Coercive isomorphism is the result of formal and informal pressures placed on organizations by other, more powerful organizations or a group of organizations. Dimaggio and Powell (1983), Op. Cit, p: 149

[5] Normative isomorphism results from pressures exerted by professional organizations to unite with each other. Dimmagio and Powel (1983), Op. Cit, p:152.

[6] Mimetic isomorphism occurs thanks to pressures exerted by organizations (or organizational framework) considered to be talented and efficient on other organizations in a situation of uncertainty to increase their legitimacy

meet the expectations of shareholders, he can also adopt maximizing behavior to divert his accounting policy for the benefit of increasing his remuneration. Indeed when his remuneration is indexed to accounting indicators, the manager will opt for accounting policies which increase the result (Watts and Zimmerman, 1986; Healy, 1985; Scott, 1997) such as the recourse to the activation of intangible investments by example. To resolve the risk of managerial opportunism, agency mechanisms come into play and in particular financial reporting which forces managers to act in the interests of shareholders.

2.3. Reasons for Using Accounting Policy in Companies

Numerous theoretical and empirical researches emerged from the 1980s in the context of the multiple changes experienced by the accounting and financial field throughout the world (Gordon, 1964; Watts and Zimmerman, 1978, 1986, 1990; Fields et al, 2001; Casta and Remond, 2009; Vidal, 2011). These studies analyzed, among other things, accounting changes at the level of international accounting standards bodies and the processes for establishing international standards. They also analyzed accounting changes at the company level either through the policy of one accounting option compared to another, or through the adoption of one framework compared to another. Smith and Watts (1992) consider accounting policy theory to be at the heart of the study of accounting. In the context of the policy of accounting methods, Casta and Ramond (2009) affirm that managers use this space of freedom that they have to shape, within a legal framework, the presentation and content of financial statements. These policies are representative in terms of financial reporting[7] and have effects on the structure of the income statement, the balance sheet or that of the off-balance sheet. Company managers tend to choose accounting practices which allow them on the one hand to analyze their effects on results and on the financial information published in the financial statements and on the other hand to manipulate the published results. For this reason, the objectives of the accounting policy and the nature of the motivations for managers to use some accounting policies vary from one company to another. Watts and Zimmerman (1990) assert that observing and analyzing the motivations of a single accounting policy can reduce the explanatory power of the tests since managers use their discretionary powers over a portfolio of accounting policies permitted by the accounting framework. Although the manager adopts his accounting policies to meet the expectations of shareholders, he can also adopt maximizing behavior to divert these accounting policies for the benefit of increasing his

[7] Used by company management, financial reporting aims to give a faithful image of the financial situation of a company.

remuneration. Here, managers have an interest in increasing results in order to maximize their remuneration. Hédi Turki, Ahmed Abdelmoula (2007) note that managers are motivated to activate intangible expenses either to inform the market about the quality of their projects, or to escape the financial constraints imposed by debt contracts, or even to satisfy to opportunistic behavior on their part. The second type of motivation which goes against the previous ones in their effects is the reduction of political costs. In this sense, the manager may be required to make an arbitration between financial market information and political costs on the one hand and between escaping the advent of "debt covenants[8]" and reducing political costs on the other. Hand

2.3.1. Policy with Regard to Accounting Results

During the 1980s, the problem of optimizing accounting policies was greatly accentuated with the appearance of a new so-called "creative" accounting (Griffiths, 1986; Jameson, 1988; Smith, 1992; Bonnet, 1995).), object of manipulation. Each State has created its own rules and its own accounting language which made it difficult to reconcile the financial data of companies of different nationalities. Thus, to resolve this problem, the European Union imposed on January 1, 2005, the application of the common international accounting framework, for all companies making public offerings on a financial market in Europe. The IAS/IFRS transition period was a unique moment and led to a profound change in accounting policies for consolidated accounts. Some standards offer options, that is to say the possibility of choosing between two recording methods and each company concerned must position itself within the options offered by the IAS/IFRS framework. Likewise, Hjelstrom and Schuster (2008) demonstrate that the political-contractual theory is not satisfactory to explain the motivations of accounting option policies during the first application of IAS/IFRS standards. Some managers make accounting policies to minimize the company's results, while others do so to increase them. Faced with this diversity, Stolowy and Breton (2004) propose a typology which consists of distinguishing five types of accounting policies linked to the manipulation of results which are: earnings management, smoothing of results (income smoothing), cleaning accounts (big bath accounting), dressing accounts (window dressing) and creative accounting (creative accounting). Several theories have been used to explain the motivations

[8] Which means debt commitment in French.

for manipulating results and provide a conceptual framework for analyzing accounting practices based on agency theory.

2.3.2. Accounting Policy and Performance with Regard to Agency Theory

Founded by Jensen and Meckling (1976), agency theory highlighted the conflicts of interest between shareholders and creditors and the control mechanisms that the latter put in place to protect themselves against transfers of wealth that could be transferred to them. subject to opportunistic decisions on the part of leaders. In other words, organizations are analyzed in terms of conflict of interest between principals and agents (Jensen and Meckling, 1976). This theory states that the system of profit-sharing of managers in company results constitutes a means likely to reduce the agency costs inherent in conflicts of interest between managers and shareholders. But the presence of an incentive plan must have repercussions on the accounting policies adopted by managers whose remuneration is based on accounting-type performance indicators. They view the firm as “a nexus of contracts” in which individuals are linked by agency relationships. Therefore, to the extent that the manager and the shareholder act with the aim of maximizing their utility function, there is a risk that the manager will adopt behavior going against the interests of the shareholder. This risk refers to the incomplete nature of contracts which leads to the existence of an asymmetry of information in favor of the manager. Indeed, it is present at the heart of management and therefore has all the company's information. To deal with this situation of opportunism, the owner-shareholder can put in place specific governance mechanisms in order to reduce or even limit the adoption of opportunistic behavior by the manager. The agency costs that result from these mechanisms can be divided into three categories. The first relate to the costs of monitoring (for example, the schedules of auditors) and incentives (these are remuneration systems based on company performance), generated by the owner-shareholder, of which the objective is to control the behavior of the manager. The second are customs clearance costs, borne by the manager, which aims to show the principal that he is not acting in an interest contrary to that of the shareholder (for example the voluntary dissemination of information). The third and last indicates that persistent costs are linked to conflicts of interest between shareholder and manager despite the efforts made to reduce these conflicts.

3. Methodology

The methodological framework allows us to successively present the research hypotheses, the approach used and the analysis tool, the econometric model and the variables of this model.

3.1. Research Hypotheses

Remember that the objective of this study is to evaluate the influence of accounting policies on the performance of PLCs in Cameroon. Two hypotheses arise from these objectives:

H1: accounting policies significantly influence the financial performance of PLCs in Cameroon;

H2: accounting policies influence the economic performance of PLCs;

3.2. Approach Used and Analysis Tool

The approach used is hypothetico-deductive and consists, using a questionnaire, of collecting data in the field from individuals in our study sample which is made up of 44 PLCs in the city of Douala, Buèa, Yaoundé and Bafoussam. Epistemologically, our research also adopts a positivist stance since we start from presumptions of knowledge (hypotheses) that we will verify empirically through the questionnaire survey.

As a sampling method, we used the non-probability and policy-reasoned method which consists of using personal judgment to select the elements of the sample. The information collected is then processed using STATA version 12.0 software. We used binary logistic regression analysis and significance tests to arrive at our results.

3.3. Econometric Model

In this work, the model for analyzing the influence of accounting policy on the performance (financial, economic or social) of PLCs is given by the following relationship:

$$Perfi = \beta + R0 + R1syst\_costi + R2duration\_stocki + R3eng\_rebusi + R4rotation\_stocki + R5\ politique\_stocki + R6\ cc\_spéci + R7\ orient\_cci + R8eval\_immi + \varepsilon i. \quad (1)$$

For reasons of insufficient data on financial and social performance indicators, we have used in this work only the model relating to economic performance. Indeed, the rate of missing data on the accounting policy indicator (2) is given by:

And that of the analysis of the determinants of accounting policy (2) is given by:

$$CCi = R0 + R1eff\_persi + R2CAi + R3sect\_acti + R4cc\_eni + R5\ oppo\_invi + \varepsilon i \quad (2)$$

3.4. The Variables of this Model

We have three types of variables in this work: dependent variables, control variables and explanatory variables;

- Dependent variables: the variable measuring the economic performance of PLCs (Perfi), this variable is given by the evolution of the number of employees of the company, turnover and competitiveness
- Explanatory variables: the variable measuring accounting policy in PLC (CCi). Four indicators are used: the depreciation system, the depreciation period of Goodwill, the inventory valuation method and the consideration of pension commitments;
- The control variables: the sector of activity, the size of the company (measured by turnover and number of staff), the level of debt and the investment opportunity.

4. Analysis of Results

These results analyze the relationship between accounting policies and the performance of PLCs in Cameroon on the one hand, structural contingency factors and accounting policies on the other hand.

Table 1: The Logistic Regression Model

	Economic performance		ROE		ROI		RE		Accounting policy linked to social objectives	
	Marginal number (dy/dx)	Standard deviation	Marginal number (dy/dx)	Standard deviation	Marginal number (dy/dx)	Standard deviation	Marginal number (dy/dx)	Standard deviation	Marginal number (dy/dx)	Standard deviation
Decreasing depreciation system	0,0634291	0,06645	0,5840022***	0,20945	-0,0006073	0,04716	-0,690025**	0,19963	-0,441351**	0,20788
Depreciation period -between 5 and 10 years -more than 10 years	 -0,9990276*** -0,9996947***	 0,00109 0,00035	 0,1493372 0,1302849	 0,30021 0,3192	 0,998515*** 0,9995366***	 0,00156 0,00065	 0,6453887* 0,4950942	 0,34369 0,35235	 -0,1224834 -0,3876397	 0,3528 0,32632
Retirement commitment -in off-balance sheet commitment -others (NSIF)	 -0,195654 0,104157	 0,08024 0,1071	 -0,1432892 0,0515744	 0,21694 0,26402	 0,021347 0,0262809	 0,05629 0,0836	 0,2887046 0,6674075*** 	 0,26209 0,18144	 0,2108182 0,2866116	 0,26649 0,32017
Inventory valuation method -LIFO -WAC	 -0,3355433 -0,0879 392	 0,25121 0,08124	 0,7032875*** -0,3028245*	 0,22525 0,18105	 0,2832729 -0,0032269	 0,30693 0,04916	 0,1145303 0,2906331	 0,35336 0,3168	 -0,4821081** -0,4101961*	 0,188 0,22043
Valuation of fixed	-0,128238	0,8352	-0,1790903	0,2062	0,11620	0,05599	0,4211	0,239	-0,2855	0,2121

assets: fair value				7	5**		841*		806	3

Source: Author

4.1. The Impact of Accounting Policies on Economic Performance

The model is overall significant at 1% (chi2(8)) = 0.0000. This model also has a good classification and this classification is worth: 80%. The ROC curve has a value of 0.8252 and the more the ROC curve tends towards 1, the worse the model is for forecasting. Adopting the declining balance depreciation system earlier than the straight-line depreciation system increases a company's chance of being economically efficient by 0.0634291. However, this result is not significant. When the depreciation period of fixed assets is less than 5 years, it has a negative impact on the economic performance of the company. When it is between 5 and 10 years, it tends to reduce the economic performance of the company by around 0.9990276 while remaining significant at 1%. The similar result is obtained when it is greater than 10 years. Likewise, taking into account pension commitments through provision has a negative impact on the economic performance of the company and taking into account pension commitments off balance sheet reduces economic performance by 0.0195654. Despite the fact that taking into account retirement commitments in another form (NSIF insurance for example) is not significant, it improves economic performance by 0.0104157. Regarding the FIFO method, it has a negative impact on business performance. Both the LIFO method and the WAC method respectively reduce the economic performance by around 0.3355433 and 0.0879392, all of which are insignificant. While the valuation of fixed assets by the historical cost method has a negative effect on performance, this valuation by the fair value method instead reduces the economic performance by 0.128238 and is insignificant.

This result shows that accounting policies have a positive relationship on economic performance. This result supports hypothesis H2.

4.2. The Impact of Accounting Policies on Financial Performance

This result concerns the following indicators: ROE, ROI and operating profit.

4.2.1. The ROE

Regarding the significance of the model, it is overall significant at 10% (chi2 = 0.0 314.) The model has a classification of 88.57%. The ROC curve has a value of 0.8859 and is good for forecasting.

While the linear depreciation system and the depreciation period less than 5 years have a negative effect on the ROE, the declining balance which is significant at 1% as well as the

depreciation period between 5 and 10 years and also more than 10 years improve respectively the ROE of 0.5840022, 0.1493372 and 0.1302849 the last two not being significant. Just as taking into account pension commitments by way of provision negatively influences the ROE, taking into account pension commitments as an off-balance sheet commitment rather reduces the ROE by 0.1432892 while taking this into account in another form (NSIF for example) improves the ROE by 0.0515744, both of which are not significant. Despite the significance at 1% of LIFO and the significance at 10% WAC, the first increases the chance of a company to perform at the ROE level of 0.7032875 unlike the second which reduces the ROE by 0.3028245. The valuation of fixed assets using the historical cost method has a negative impact on ROE. This valuation tends to reduce ROE by 0.1790903 when done using the fair value method.

4.2.2. The ROI

This model is globally significant at 1%: chi2 = 0.0000 and has a good classification of 80%. The ROC curve has a value of 0.8400 and is good for forecasting.

The linear depreciation system negatively influences the ROI while the declining depreciation system tends to reduce the ROI by 0.0006073 and is insignificant. While the depreciation period of less than 5 years and the taking into account of pension commitments by way of provision have a negative impact on the ROI, the depreciation period of between 5 and 10 years which is significant at 5%, that greater than 10 years also significant but at 1%, the insignificant off-balance sheet pension commitment and finally the pension commitment in another form which is also insignificant respectively improve the ROI by 0.998515, 0.9995366, 0, 021347 and 0.0262809. While FIFO negatively influences the ROI, LIFO which is insignificant improves the ROI by 0.2832729 and WAC reduces the ROI by 0.032269 and yet is significant. The historical cost method has a negative effect on the ROI and the fair value method increases the ROI by 0.116205 and is significant at 5%.

4.2.3. Operating income

The model is globally significant at 5% chi2 = 0.0126 and the classification is also good 88.57%. The ROC curve is good and is 0.8898 and is good for forecasting. Companies that practice the straight-line depreciation system have a negative impact on operating income and declining balance depreciation reduces operating income by 0.690025 but still significant at 5%. The depreciation period of less than 5 years negatively influences the operating result

while this duration of between 5 and 10 years, significant at 10%, and also more than 10 years and insignificant, respectively improve the operating result by 0.34369 and 0.35235. The pension commitment by way of provision has a negative impact on the operating result and the off-balance sheet commitment, although it is not significant, tends to increase the operating result by 0.2887046. The retirement commitment in another form reduces the operating result by 0.6674075 despite its significance at 1%. Just like LIFO, WAC reduces operating income by 0.1145303 and 0.2906331 respectively and FIFO negatively influences this same result. The historical cost method has a negative impact on the operating result while the fair value, in addition to being significant, improves this result by 0.4211841.

These results show that accounting policies have a positive relationship on financial performance and support hypothesis H1.

4.3. The Impact of Accounting Policies on Social Performance

The model is overall significant at 10% (chi2 = 0.0988) and the classification is good and is worth 81.82%. The ROC curve has a value of 0.8346 and is good for predictions.

Companies that practice straight-line depreciation, as well as those that implement depreciation periods of less than 5 years, fail to achieve their social objectives. Those which practice a degressive and significant depreciation system at 5%, a depreciation period of between 5 and 10 years not significant and a depreciation period of more than 10 years also not significant reduce the achievement of their social objectives to 0.441351, 0.1224834 and 0.3876397 respectively. Companies that make off-balance sheet pension commitments and otherwise manage to achieve their social targets of 0.2108182 and 0.286616, respectively. Despite the significance at 5% of companies using the LIFO method and at 10% of companies using the WAC method, they reduce the achievement of social objectives by 0.4821081 and 0.4101961 and those using the FIFO method n are not achieving their social objectives. This previous result is the same for companies which use fair value but which are insignificant while those which opt for historical cost do not achieve their social objectives.

This result shows that accounting policy partially influences economic performance. This bias is due to the fact that we used a single social performance indicator. This result supports hypothesis H2. In short, these results are similar to those obtained by Ngongang (2005) who indicates that accounting practices determine the use of information and performance.

Table 2: Accounting System

	Accounting system		Depreciation system	
	Marginal effect	Standard deviation	Marginal effect	Standard deviation
number of personnel -from 6 to 30 employees -from 21 to 150 employees	 0,07676 0,4534350	 0,042428 0,3556	 0,325625 0,67891***	 0,31234 0,21852
Turnover -from 20,000,000 to 330,000,000 -from 250,000,000 to 3,000,000,000	 -0,075037 8 0,0870682	 0,23514 0,28502	 -0,4026025 -0,314167	 0,25413 0,30534
Secteur d'activité -secteur industriel -secteur de prestation de service -autres secteurs	 0,0242806 -0,126770 2 -0,31209166	 0,24029 0,2316 0,27561	 -0,300847 5* -0,060806 2 -0,0779591	 0,05624 0,28661 0,47859
Need for debt	0,1147921	0,1947	0,0603018	0,16658
Investment opportunity -rarely -moderately -regularly	 -0,509658 6*** -0,081798 5 0,440848**	 0,13672 0,23363 0,21638	 -0,0605186 -0,2176382 -0,1594545	 0,23625 0,26445 0,26183

Source: Author

4.4. The Role of Methods on Accounting Policy

The aim here is to show whether structural contingency factors (the size of the company and the sectors of activity) influence the accounting policy (depreciation system).

Regarding the depreciation system, the model is overall significant at 10% (chi2 = 0.0957) and has a good classification which is equal to 76.00%. The ROC curve has a value equal to 0.7775 and is good for forecasting.

The number of personnel ranging from 6 to 21 then from 21 to 100 employees positively influences the depreciation system or accounting policy although the first interval is significant and the second not significant.

Reading Table 2, we observe that there is a significant and positive relationship at the 1% threshold between the number of staff between 21 and 100 and the depreciation system. In other words, there is a positive relationship between company size and accounting policy. This result corroborates with those of Watts and Zimmerman (1978), Zmijewski and Hagerman (1981) and Daley and Vigeland (1983) who concluded that the size of the company exerts a significant influence on accounting policy policies; it also corroborates with those of Saada who find that the size of the company seems to be the main determinant of the policy of accounting methods and mainly the depreciation policy.

Likewise, in this same table, we observe that there is a significant relationship at 10% between the industrial sector and the depreciation system. In other words, there is a relationship between the accounting methods policy and the sector of activity. This result corroborates the work of Ridha Shabou and Boulila Taktak (2002) who found that the sector of activity exerts a significant influence on the policies of creative accounting techniques and those of Ngongang (2010) who found that the sector of activity determines the policy of the full cost method.

5. Conclusion

Our study was carried out using the quantitative method based on hypothetico-deductive analysis. An exploratory analysis allowed us to collect data through a questionnaire which was administered to PLCs in Cameroon. We opted for the non-probabilistic method since we do not have a list of all PLCs from different sectors of activity and/or sectors of activity combined. Having selected the companies based on the opportunities available to us, we chose convenience sampling. Our data is also primary source. Binary logistic regression is the analysis method we used and our data were processed using STATA version 14.0 software. The results that we obtained from our sample composed of 44 PLCs show us that the majority of PLCs in Cameroon modify their accounting policies and that the sector of activity and the size of the company influence the accounting policies. These results also allowed us to note that accounting policies influence the financial and economic performance of PLCs, which allowed us to validate our different hypotheses.

This study suffers from a number of limitations. First, we were only interested in a few accounting policy and performance variables despite their multitude. Second, the sample size is very small. The final limit is the categorical refusal of access to some companies as well as information concerning them. We also experienced the lack of time of some executives to answer our questions as well as the loss of some questionnaires submitted.

The first recommendation made here is to deepen their knowledge of management by training more or by recruiting an efficient accountant and/or management controller who will better help them choose the accounting methods they use within their company. .

The second recommendation is the decentralization of management by the PLC manager as well as the making of some decisions. Putting these into practice contributes to an improvement in performance or even better performance, thereby leading to more efficiency.

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