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The Determinants of Accounting Choices within the SMEs in Cameroon

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ABSTRACT: Business management is a matter of business survival based on accounting choices. This paper examines the determinants of accounting choices above a mere financial policy view. A literature review on the factors influencing a company's performance, helps highlighting stewardship and governance theory in order to explain the multidimensionality of accounting choices that can enlighten the understanding of the links between ... and the determinants within companies. By comparing samples of Small and Medium Enterprises in business with those that have ran out, we search the differences between both groups in terms of characteristics inherent to accounting choices. The empirical is based on two categories of the SMEs, on a sample of 189 from 2016 to 2018. The results highlight that accounting choices are correlated with the size of the SME as a factor encouraging the company's financial policy.

KEY WORDS: accounting, choices, determinants, Small and Medium-sized, Enterprises.

INTRODUCTION

In most of the economies globally, SMEs are considered a genuine vector for the creation of job and wealth and, are a driving force to growth as well as an important actor for poverty alleviation. However, to become an emergent country, Cameroon must have an economy that is able to generate more wealth for her prosperity and also face the global competition, herein focussing mainly on Small and Medium-sized Enterprises. But, given their current performances, these enterprises seem to be not enough to ensure a strong and competitive economy to Cameroon. Therefore, in 2008, the State of Cameroon launched an official reform, which allowed reducing the time limit for setting-up an enterprise, from several months to just 38 days. These simplification and digitization of the creation procedure arranged by the Ministry of Small and Medium-sized Enterprises, Social Economy and Handicrafts (MINPMEESA) has resulted in the multiplication times 28 of the number of enterprises created between 2010 and 2015. Further to the reduction of time limit for creation, the Enterprise Creation Pilot Centres (CPCE) have contributed to the reduction of operating costs. This costs went from 250 000 FCFA before 2010 to about 50 000 FCFA currently. Suddenly, SMEs created between 2010 and 2015 are counted almost 15219 according to the figures published by The SME Promotion Agency (APME). All the same, we went from 11498 SMEs in 2014 to 13374 SMEs in 2015 and to 15219 in 2016.

There is probably no doubt observing that this strong outburst of enterprises brings along severe sustainability difficulties. Therefore, the CAMERCAP (2016) outlines that "over 10 enterprises created between 2010 and 2015, 7 did not survive until May 2016 and are inexistent within the files of Directorate General of Taxes (DGT) that month". However The National Institute of Statistics (INS) assesses the extinction rate of SMEs to 72.24% between 2010 and 2015. Among the private sector, there is much extinction of enterprises such as *Complexe Chimique Camerounais (CCC)* and especially in the sector of financial institutions. In less than four years, many enterprises have dealt with infant mortality among which are: GBF (Goldy Businessmen Fund) in 2008, COFINEST (*Compagnie Financière de l'Estuaire*) in 2011, FIFFA (First Investment For Financial Assistance) in 2012 and, CAPCOL (*Caisse Populaire Coopérative du Littoral*) in 2012 (Okah-Efogo & Okah-Atenga, 2013). One of the reasons stated to justify this early mortality of SMEs comes from the accounting choices and methods they adopt, that aim more to shape the accountign figures in order to give the information according to managers's will. Similarly, the results of the RGE (2009) show that 13% of SMEs in Cameroon keep accounts within the meaning of OHADA accounting law and most outsource the accounting function to accountancy firms. Although not universally accepted, business performance is said to depend on certain management accounting indicators, including accounting choices and methods. According to Casta and Ramond (2009), accounting choices include all decisions that influence the figures and/or modify the content and form of the financial statements. There may therefore be

differences in a company's performance depending on the accounting choices and methods it adopts, hence the need to work on the accounting choices and performance of SMEs in Cameroon.

SMEs in Cameroon are characterised by many difficulties such as accounting information fraud and falsification of accounting choices that sometimes lead to awkward situations resulting into bankruptcy for some of them. Various consequences stem out of those difficulties such as: the high level of indebtedness, negative results, closure of business, etc. researcher did not stay unconcerned toward all those problems faced by SMEs. In Cameroon, many research work have suggested solutions to those problems. Tchamanbe (2002), Nkakleu (2003), Wamba (2002, 2012, 2013, 2014), Feudjo and Tchankam (2013) have argued that new mechanisms need to be put in place to encourage banks, which are still over-liquid, to have confidence in local businesses and finance their activity and growth. Ndong (2004) goes on to suggest that SMEs should make every effort to optimise the use of computers, which could thus become a genuine tool for competitiveness and performance. Iribarne (2006) believes that "what cannot be measured cannot be improved". Hence, to improve performance, it is important for a company to measure the results.

The accounting choices made by the managers are part of the overall company's accounting policy. However, poor performance can lead managers to amend the company's accounting choices. This drives our interest in the accounting choices that maximise the company's performance. Based on the above, our work focuses on accounting choices in relation to the performance of SMEs in Cameroon. Our research problem is summarised in the following main question: What factors determine the choice of accounting methods?

The aim of this research is to assess the influence of accounting choices on the performance of small and medium-sized enterprises in Cameroon. We will then present the accounting choices indicators, a review of the literature, the methodology as well as the outcomes.

1. Accounting choices indicators

Saada (1995) identifies four accounting methods to analyse the result strategies: the depreciation system, the depreciation period of the goodwill, the inventory valuation method and the inclusion of the retirement commitments.

1.1. Depreciation methods or systems

Each company is free to choose their own depreciation method. The decision to apply either method must be disclosed in the notes to financial statements, together with the depreciation period. The various methods used in SYSCOHADA (the accounting system adopted or recommended by the uniform act No. 7 on the Organization and Harmonization of Accounting) are the following:

Constant or straight-line depreciation: this is the most commonly used method of calculation. 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 period between the first day of service and the end of the year. The depreciation period for the asset is determined by the tax authorities on the basis of its presumed useful life.

-Diminishing balance or declining balance depreciation: this is where the cost of an investment is spread over a given period, so that the cost is higher at the beginning than at the end. It is characterised by the application of a constant rate to a declining value. As a result, the declining-balance annuity is decreasing, which is different from the straight-line annuity, which is constant. When a country's tax legislation authorises declining balance depreciation, it allows companies to increase the amount of subsidies and, therefore the costs, in the first few years. As a result, companies paying less tax on their profits will be able to recoup their investment more quickly.

1.2. The depreciation period of the goodwill

The goodwill represents the difference between the net assets of a company's balance sheet and its market value, or the over-rate corresponding to the excess of the acquisition cost at the time of a shareholding acquisition or merger. Depreciation spreads the cost of acquiring a fixed asset over its useful life or probable useful life, or either, on the economic life of an asset. The useful life depends on technical and economic wear and tear, while the economic life may be expressed in units of time, units of consumption or a combination of both:

-Simple life: in this case, depreciation expressed as a number of years is used as the basis for calculating the useful life. The company expects to use up its entire stock of services over a number of years;

-Purely quantitative use: the asset's stock of services is expressed in quantitatively measurable units;

-A combination of duration and use: life is expressed in units of time, on the one hand, and in units of consumption, on the other.

1.3. The inventory valuation method

In terms of inventory management, the following methods are used to valuate outflows when calculating the cost of goods sold after storage:

The Weighted Average Cost or Weighted average unit cost (WAC/WAUC) method: this is generally used to value non-perishable materials inventory that can be stored over a long period. The WAUC method is divided into two methods:
the periodic WAUC method, where outflows are valued at a weighted average unit cost of goods received + initial stock, calculated over a monthly, quarterly or annual period, depending on the company's choice.
the WAC (or WAUC) method after each entry, where outputs are valued at the latest weighted average unit cost calculated after each goods receipt.
The first-in, first-out (FIFO) method: it is more commonly used to assess the value of the outflows of perishable products that are not recommended for long storage because of a loss of value or quality.
The last-in, first-out (LIFO) method: unlike the FIFO method, the LIFO method involves calculating the value of consumption on the assumption that batches entered last will be taken out first. The storage of certain categories of goods is strictly governed by this rule, because the longer they remain in the storage areas, the more quality and value they acquire In times of inflation, it smoothes out losses by applying the current market price. The LIFO method has the advantage of being linked to the prices' variations.

Very often, an SME will use all three of these methods, depending on the type of materials it buys or sells.

1.4. Recognition of the retirement commitments

Generally speaking, retirement systems are designed for the formal sector (state employees, private sector employees and certain specific trades).

In Anglo-Saxon countries, the retirement system is designed around the Bismarckian model[1]. It refers to a compulsory retirement scheme managed by the State's companies (institutions), which often have legal personality and financial autonomy, and an optional retirement scheme managed by private companies, in this case insurance companies (Bimeme & Ongono, 2021; Gbongue & Abderrahin, 2015).

- **Compulsory retirement schemes**: in the Inter-African Conference on Social Security (CIPRES) zone, these corresponds to the basic scheme and covers only employees in the formal sector (public and private sector employees). This retirement system is managed on a pay-as-you-go basis, meaning that retirees' pensions are financed directly by contributions taken at the same time from the working population affiliated to the system.
- **Optional retirement scheme**: this is a voluntary retirement scheme, not governed by the laws of the country concerned. It is provided by private insurance companies controlled by CIMA (Inter-African Conference on Insurance Markets). Under this scheme, employees must build up savings during their working life with a view to receiving a capital sum or pension when they retire. Here, there are two possible methods of financing pensioners: the first is self-financing (each individual finances his or her own retirement) and the second is organised within a company or a sector of activity, granting each of the members of these schemes a supplement to social security.

Cameroon's social security system is a social insurance system and comprises two schemes: the scheme for workers covered by the Labour Code, managed by the National Social Insurance Fund (NSIF); and the scheme for civil servants and similar staff, managed by the State (Ministry of the Economy and Finance). In Cameroon, the basic retirement scheme is compulsory, defined-benefit and funded on a pay-as-you-go basis.

2. The determinants of accounting choices with regard to the theory of transaction costs.

The concept of transaction cost was first introduced by Ronald Coase in 1937. The main sources of transaction costs are performance ambiguity and goal incompatibility, which characterise a situation where one of the parties intends to promote its own interests to the detriment of the other (Bowen and Jones, 1986). It sets out the dynamics of the social relationships involved in the exchange relationship. It is thanks to the work of Williamson (1975) that the concept of transaction cost is now fully understood. Thanks to this concept, transaction cost theory is able to account for the existence of a firm in a market economy. According to Williamson (1975), opportunism involves a strong pursuit of self-interest, which occurs when parties make unfulfilled promises to each other in order to maximise their returns, each at the expense of the other. This author explains transaction costs based on the limited rationality and opportunism of agents.

2.1. The principle of bounded rationality

Herbert Simon is the founding father of the principle of bounded rationality. This principle states that individuals do not have what it takes to make a purely rational choice. However, individuals (managers) have to make decisions in an unclear context, which forces them to opt for certain rules or attitudes that would not be the most appropriate in a situation where "everything would be perfectly clear".

[1] This model is based on the concept of Chancellor Bismarck. It is a social protection (unemployment, family responsibilities, sickness).

2.2. Agent opportunism

According to Williamson (1994) opportunism is defined as "the pursuit of self-interest that includes the notion of deception". In this context, managers may seek to deceive other agents by trying, through accounting choices and methods, to increase their present profits at the expense of the firm's future results. Although the manager adopts his accounting choices to satisfy the expectations of shareholders, he may also adopt maximisation behaviour to divert his accounting choices in favour of increasing his remuneration. When remuneration is indexed to accounting indicators, managers will opt for accounting choices that increase profits (Watts & Zimmerman, 1986; Healy, 1985; Scott, 1997), such as capitalising intangible investments. To resolve the risk of managerial opportunism, agency mechanisms come into play, in particular financial reporting, which forces managers to act in the interests of shareholders.

2.3. Managers' incentives to certain accounting choices

A great deal of theoretical and empirical research has been carried out since the 1980s in the context of the many changes that have taken place in accounting and finance around the world (Gordon, 1964; Watts and Zimmerman, 1978, 1986, 1990; Fields *et al*., 2001; Casta & Remond, 2009; Vidal, 2011). These studies analysed, among other things, accounting changes at the level of international accounting standard-setters and the international standard-setting process. They also analysed accounting changes at company level, either through the choice of one accounting option over another, or through the adoption of one set of standards over another. Smith & Watts (1992) consider that the theory of accounting choices is at the heart of the study of accountancy. As regards the choice of accounting methods, Casta and Ramond (2009) and Moumeni (2023) state that managers use this freedom to shape the presentation and content of the financial statements within a legal framework. These choices are representative in terms of financial reporting[2] and have an impact on the structure of the income statement, balance sheet and off-balance sheet items. Company directors tend to choose accounting practices that allow them to analyse their effects on results and on the financial information disclosed in the financial statements, and to manipulate the results published. For this reason, the objectives of the accounting policy and the nature of the managers' motives to make certain accounting choices vary from one company to another.

Watts & Zimmerman (1990) argue that observing and analysing the motivations behind a single accounting choice can reduce the explanatory power of tests, since managers use their discretionary powers over a portfolio of accounting choices permitted by the accounting framework. Although the manager adopts his accounting choices to satisfy shareholders' expectations, he may also adopt maximisation behaviour to divert these accounting choices to the benefit of increasing his remuneration. Here, managers have an interest in increasing results in order to maximise their remuneration. Hédi Turki and Ahmed Abdelmoula (2007) note that managers are motivated to activate intangible expenditure either to inform the market about the quality of their projects, or to escape the financial constraints imposed by debt contracts, or to satisfy an opportunistic behaviour on their part. The second type of motivation, which runs counter to the previous ones in terms of its effects, is the reduction of political costs. In this sense, the manager may have to make a trade-off between financial market information and political costs on the one hand, and between escaping the advent of "debt covenants" and reducing political costs on the other.

2.3.1. Accounting results policy

During the eighties, the problem of optimising accounting choices became much more acute with the emergence of a new form of accounting known as 'creative' accounting (Griffiths, 1986; Jameson, 1988; Smith, 1992; Bonnet, 1995), which has become the object of manipulation. Each country created its own rules and accounting language, which made it difficult to reconcile the financial data of companies of different nationalities. To solve this problem, the European Union imposed the application of common international accounting standards from 1 January 2005 for all companies making public offerings on a financial market in Europe. The IAS/IFRS transition period was a unique moment, and gave rise to a profound change in accounting policies for consolidated accounts. Certain standards offer options, i.e. the possibility of choosing between two accounting methods, and each company concerned must position itself within the options offered by the IAS/IFRS framework. Similarly, Hjelstrom & Schuster (2008) show that the political-contractual theory is not satisfactory for explaining the motivations behind the choice of accounting options when IAS/IFRS are first applied.

Some managers make accounting choices to minimise the company's results, while others do so to increase them. Given this diversity, Stolowy & Breton (2004) propose a typology that distinguishes between five types of accounting choices linked to the manipulation of results: earnings management, income smothing, big bath accounting, window dressing and creative accounting. Several theories have been mobilised to explain the motivations behind earnings manipulation and to provide a conceptual framework for analysing accounting practices based on agency theory.

[2]The aim of financial reporting, which is used by company management, is to give a true and fair view of a company's financial position.

2.3.2. The determinants of accounting choices: what does agency theory have to say?

Founded by Jensen and Meckling (1976), agency theory highlights the conflicts of interest between shareholders and creditors, and the control mechanisms that the latter put in place to protect themselves against the transfers of wealth that could result from opportunistic decisions by managers. In other words, organisations are analysed in terms of conflicts of interest between principals and agents (Jensen and Meckling, 1976). This theory states that a system of profit-sharing for managers is a means of reducing the agency costs inherent in conflicts of interest between managers and shareholders. However, the presence of a profit-sharing scheme must have repercussions on the accounting choices made by managers, whose remuneration depends on accounting-based performance indicators. They see the firm as "a knot of contracts" in which individuals are bound by agency relationships. Consequently, insofar as the manager and the shareholder act with the aim of maximising their utility function, there is a risk that the manager will adopt behaviour that runs counter to the interests of the shareholder. This risk relates to the incomplete nature of the contracts, which leads to the existence of an asymmetry of information in favour of the manager. The owner-shareholder is at the heart of management and therefore possesses all the company's information.

To deal with this situation of opportunism, Bimeme (2023) believes that the owner-shareholder can put in place specific governance mechanisms in order to reduce or even limit the adoption of opportunistic behaviour by the manager. The agency costs resulting from these mechanisms can be divided into three categories. The first relates to monitoring costs (e.g. auditors' hours) and incentive costs (e.g. remuneration systems based on company performance), generated by the owner-shareholder, whose objective is to control the behaviour of the manager. For Bimeme (2020), the latter are clearance costs, borne by the manager, which aim 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 point indicates that the persistent costs are linked to conflicts of interest between the shareholder and the executive, despite the efforts made to reduce these conflicts.

3. METHODOLOGY

The methodological framework enables us to present the research hypotheses, the approach used and the analysis tool, the econometric model and the variables in this model in turn.

3.1. Research hypotheses

The objective of this study is to evaluate the influence of accounting choices on the performance of SMEs in Cameroon. Three hypotheses follow from these objectives:

H1: accounting choices are determined by the financial factor of SMEs ;

H2: Accounting choices are determined by the economic factor of SMEs;

H3: accounting choices are determined by the social factor of SMEs.

3.2. Approach and analysis tool

The approach used is hypothetical-deductive and consists of using a questionnaire to collect data in the field from the individuals in our study sample, which is made up of 52 SMEs in the cities of Douala and Yaoundé. From an epistemological point of view, our research also adopts a positivist stance since we start from presumptions of knowledge (hypotheses) which we will verify empirically through the questionnaire survey.

As a sampling method, we used the non-probabilistic method of reasoned choice, which consists of using personal judgement to select the elements of the sample. The information gathered was 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 analysing the influence of accounting choices on the performance (financial, economic or social) of SMEs is given by the following relationship:

$$Perf_i = \beta_0 + \beta_1 syst\_amort_i + \beta_2 durée\_amort_i + \beta_3 eng\_retraite_i + \beta_4 magasin\_stock_i + \beta_5\ method\_stock_i + \beta_6\ cc\_spéc_i + \beta_7\ orient\_cc_i + \beta_8 eval\_imm_i + \varepsilon_i \quad (1)$$

Wher $perf_i$ measures the performance of the SME. It is either financial, either economic or social. For reasons of insufficient data on the financial and social performance indicators, we have retained in this work only the model relating to economic performance. In fact, the rate of missing data on the accounting indicator (2) is given by :

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

$$CC_i = \beta 0 + \beta_1 eff\_pers_i + \beta_2 CA_i + \beta_3 sect\_act_i + \beta_4 cc\_en_i + \beta_5\ oppo\_inv_i + \varepsilon_i \quad (2)$$

3.4. The variables of this model

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

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- The dependent variables: the variable measuring the economic performance of SMEs (Perfi), this variable is given by the change in the number of employees in the company, turnover and competitiveness;
- Explanatory variables: the variable measuring accounting choices in SMEs (CCi) Four indicators are used: the depreciation system, the goodwill amortisation period, the inventory valuation method and the recognition of retirement commitments;
- The control variables: the sector of activity, the size of the company (measured by turnover and number of employees), the level of debt and the investment opportunity.

4. RESULTS OF THE ANALYSIS

These results analyse the relationship between accounting choices and the performance of SMEs in Cameroon on the one hand, and structural contingency factors and accounting choices on the other.

Table 1: **logistic regression model**

	Economic performance		ROE (Return on Equity)		ROI (Return on Investment)		RE (Revenue)		Accounting choices related to social objectives	
	marginal Effective (dy/dx)	Standard deviation	marginal Effective (dy/dx)	Standard deviation	marginal Effective (dy/dx)	Standard deviation	marginal Effective (dy/dx)	Standard deviation	marginal Effective (dy/dx)	Standard deviation
Degressive depreciation system	0.0634291	0.06645	0.5840022***	0.20945	-0.0006073	0.04716	-0.690025**	0.19963	-0.441351**	0.20788
Depreciation duration between 5 and 10 years	-0.9990276***	0.00109	0.1493372	0.30021	0.998515***	0.00156	0.6453887*	0.34369	-0.1224834	0.3528
over 10 years	-0.9996947***	0.00035	0.1302849	0.3192	0.9995366***	0.00065	0.4950942	0.35235	-0.3876397	0.32632
Retirement commitment off-balance sheet commitment others (NSIF)	-0.195654	0.08024	-0.1432892	0.21694	0.021347	0.05629	0.2887046	0.26209	0.2108182	0.26649
	0.104157	0.1071	0.0515744	0.26402	0.0262809	0.0836	0.6674075***	0.18144	0.286616	0.32017
Method of inventory valuation - LIFO	-0.3355433	0.25121	0.7032875***	0.22525	0.2832729	0.30693	0.1145303	0.35336	-0.4821081**	0.188
- WAC	-0.0879 392	0.08124	-0.3028245*	0.18105	-0.0032269	0.04916	0.2906331	0.3168	-0.4101961*	0.22043
Valuation of fixed assets: fair value	-0.128238	0.8352	-0.1790903	0.20627	0.116205**	0.05599	0.4211841*	0.239	-0.2855806	0.21213

4.1. The impact of accounting choices on the economic factor

The model is globally significant at 1% (chi2 (8)) = 0.0000. This model also has a good classification and this classification is 80%. The ROC curve has a value of 0.8252 and the more the ROC curve tends towards 1, the better the model is for forecasting. Adopting

the declining balance depreciation system earlier than the straight-line depreciation system increases a company's chance of performing economically by 0.0634291. However, this result is not significant. When the depreciation period for fixed assets is less than 5 years, it has a negative impact on the company's economic performance. When it is between 5 and 10 years, it tends to reduce the company's economic performance by around 0.9990276, while remaining significant at 1%. A similar result is obtained when it is longer than 10 years. Similarly, recognising pension liabilities as a provision has a negative impact on the company's economic performance and recognising pension liabilities off-balance sheet reduces economic performance by 0.0195654. Although the inclusion of pension commitments in another form (e.g. CNPS insurance) is not significant, it improves economic performance by 0.0104157. The FIFO method has a negative impact on company performance. The LIFO method and the WAC method respectively reduce economic performance by around 0.3355433 and 0.0879392, all of which are insignificant. While the valuation of fixed assets using the historical cost method has a negative effect on performance, valuation using the fair value method reduces economic performance by 0.128238 and is not significant.

This result shows that accounting choices have a positive impact on economic performance. This result supports hypothesis H2.

4.2. The impact of accounting choices on the financial factor

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

4.2.1. The ROE

With regard to the significance of the model, it is globally 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 of less than 5 years have a negative effect on the ROE, the degressive system, which is significant at 1%, as well as the depreciation periods of between 5 and 10 years and more than 10 years, improve the ROE by 0.5840022, 0.1493372 and 0.1302849 respectively, the last two not being significant. In the same way as taking account of pension commitments by means of provisions has a negative impact on ROE, taking account of pension commitments as off-balance sheet commitments reduces ROE by 0.1432892 while taking account of them in another form (CNPS for example) improves ROE by 0.0515744, both of which are not significant. Despite the significance of LIFO at 1% and CMP at 10%, the former increases a company's chance of performing well in terms of ROE by 0.7032875, while the latter reduces 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 it is carried out 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 degressive depreciation system tends to reduce the ROI by 0.0006073 and is insignificant. While the amortisation period of less than 5 years and the recognition of pension commitments by means of a provision have a negative impact on ROI, the amortisation period of between 5 and 10 years, which is significant at 5%, that of more than 10 years, which is also significant but at 1%, the off-balance sheet pension commitment, which is not significant, and finally the pension commitment in another form, which is also not significant, improve ROI by 0.998515, 0.9995366, 0.021347 and 0.0262809 respectively. While FIFO has a negative effect on ROI, LIFO, which is insignificant, improves ROI by 0.2832729 and CMP reduces ROI by 0.032269, although it is still significant. The historical cost method has a negative effect on ROI and the fair value method increases ROI by 0.116205 and is significant at 5%.

4.2.3. The operating profit

The model is globally significant at 5% chi2 = 0.0126 and the classification is also good at 88.57%. The ROC curve is good, at 0.8898, which is good for forecasting. Companies using the straight-line depreciation system have a negative impact on operating profit, and declining balance depreciation reduces operating profit by 0.690025 but is still significant at 5%. Depreciation periods of less than 5 years have a negative impact on operating profit, while periods of between 5 and 10 years, which are significant at 10%, and periods of more than 10 years, which are not significant, improve operating profit by 0.34369 and 0.35235 respectively. The retirement commitment by way of provision has a negative impact on operating profit, while the off-balance sheet commitment, although not significant, tends to increase operating profit by 0.2887046. The retirement commitment in another form reduces operating profit by 0.6674075 despite being significant at 1%. Like LIFO, CMP reduces operating profit by 0.1145303 and 0.2906331 respectively, and FIFO has a negative impact on operating prpfit. The historical cost method has a negative impact on operating profit, while fair value, in addition to being significant, improves this result by 0.4211841.

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

4.3. The impact of accounting choices on the social factor

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

Companies using straight-line depreciation and those with depreciation periods of less than 5 years fail to achieve their social objectives. Companies that use a degressive and significant depreciation system of 5%, a depreciation period of between 5 and 10 years that is not significant and a depreciation period of more than 10 years that is also not significant reduce the achievement of their social objectives to 0.441351, 0.1224834 and 0.3876397 respectively. Companies with off-balance sheet and other pension commitments achieve their social objectives by 0.2108182 and 0.286616 respectively. Although companies using the LIFO method are significant at 5% and companies using the CMP method are significant at 10%, they reduce the achievement of their social objectives by 0.4821081 and 0.4101961, while companies using the FIFO method do not achieve their social objectives. This previous result is similar for companies that use fair value but are not significant, while those that opt for historical cost do not achieve their social objectives.

This result shows that accounting choices partially influence social performance. This bias is due to the fact that we used a single social performance indicator. Ce résultat conforte l'hypothèse H_3.

This result supports hypothesis H3. In sum, 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 and depreciation system

	Accounting system		Depreciation system	
	Marginal effect	Standard deviation	Marginal effect	Standard deviation
staff number				
- between 6 and 20 employees	0.0644876	0.020315	0.1746459	0.26691
- between 21 to 100 employees	0.3350522	0.2852	0.51853***	0.18981
Turnover				
- between 15 000 000 and 250 000 000	-0.075037 8	0.23514	-0.4026025	0.25413
-between 250 000 000 and 3 000 000 000	0.0870682	0.28502	-0.314167	0.30534
Sector of activity				
industrial sector	0.0242806	0.24029	-0.300847 5*	0.05624
- service provision sector	-0.126770 2	0.2316	-0.060806 2	0.28661
- other sectors	-0.31209166	0.27561	-0.0779591	0.47859
Debt requirements	0.1147921	0.1947	0.0603018	0.16658
Investment opportunities				
- scarcely	-0.509658 6***	0.13672	-0.0605186	0.23625
- averagely	-0.081798 5	0.23363	-0.2176382	0.26445
- regularly	0.440848**	0.21638	-0.1594545	0.26183

4.4. The impact of accounting choices on the organisational factor

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

With regard to the depreciation system, the model is globally significant at 10% (chi2 = 0.0957) and has a good classification equal to 76.00%. The ROC curve has a value equal to 0.7775 and is good for forecasts.

The number of employees ranging from 6 to 21 and then from 21 to 100 has a positive influence on the depreciation system or accounting choice, although the first interval is significant and the second insignificant.

Table 2 shows that there is a significant and positive relationship at the 1% level between the number of employees between 21 and 100 and the depreciation system. In other words, there is a positive relationship between company size and accounting choice. This result corroborates those of Watts and Zimmerman (1978), Zmijewski and Hagerman (1981) and Daley and Vigeland (1983) who concluded that the size of the company has a significant influence on the choice of accounting policy; it also corroborates those of Saada who found that the size of the company seems to be the main determinant of the choice of accounting methods and principally the depreciation policy.

Similarly, in the 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 choice of accounting methods and the sector of activity. This result corroborates the work of Ridha Shabou and Boulila Taktak (2002) who found that the sector of activity has a significant influence on the choice of creative accounting techniques and that of Ngongang (2010) who found that the sector of activity determines the choice of the full cost method.

CONCLUSION

Our study followed the quantitative method based on hypothetico-deductive analysis. An exploratory analysis enabled us to collect data through a questionnaire that was administered to SMEs in Cameroon. We opted for the non-probabilistic method, since we did not have a list of all the SMEs in different sectors of activity and/or all sectors of activity combined. Having selected companies on the basis of the opportunities available to us, we opted for convenience sampling. Our data are also from primary sources. Binary logistic regression is the analysis method we used and our data was processed using STATA version 12.0 software. The results obtained from our sample of 52 SMEs show that most SMEs in Cameroon modify their accounting choices and that the sector of activity and the size of the company influence accounting choices. These results also allowed us to observe that accounting choices influence the financial, economic and social performance of SMEs, which enabled us to validate our various hypotheses.

This study suffers from a number of limitations. Firstly, we were only interested in a few accounting choice and performance variables, despite their large number. Secondly, the sample size is very small. The final limitation is the categorical refusal of access to certain companies and to information about them. We also experienced a lack of time on the part of some managers to answer our questions, as well as the loss of some questionnaires submitted. The first recommendation here is to deepen management knowledge by training more or by recruiting an efficient accountant and/or management controller to help them choose the accounting methods they use within their company. The second recommendation is that SME managers should decentralise management and take certain decisions. Putting these decisions into practice will help to improve performance, if not better performance.

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