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Original Research Article

Governance Mechanisms and Results Management: What Relationship in the Cameroonian Context?

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Abstract

This article investigates the impact of governance mechanisms on the management of accounting results. We examine both the influence of board characteristics (the size of the Board of Directors, the dual-rule of the Chief Executive Officer, and the presence of an audit committee) and the ownership structure (capital concentration and nature of shareholders) on the management of the accounting results measure by the appreciation of expenses, selling of asset and the reevaluation of assets. From the association and regression tests on the data collected by a questionnaire on a sample of 41 companies in Cameroon, the statistical analyzes confirm one of our hypotheses by indicating a significant relationship between the management of result and state ownership.

Keywords: Corporate Governance Mechanism, Board of Directors, Ownership Structure, Results Management.

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INTRODUCTION

The proponents of positive accounting theory (PAT) are the dominant mainstream of accounting research since early 1980. They examine accounting manipulations, which they modestly call "earnings management," from an exclusively economic perspective. Because it tells little about the actors in the field, the poor empirical results of this research program led to many criticisms from recent research trends (Reiter, 1998). Despite the many studies of PAT, "we need to know much more about the results management behavior of managers in organizations" (Macintosh, 1995).

In this, the literature reveals to us through Liu *et al.* (2013) that the dissociation of the functions of president and CEO does not reduce results management practices. This result matches with the empirical studies of Peasnell *et al.* (2005) and Chen *et al.* (2015), who showed that director independence tends to limit opportunistic earnings overpricing decisions by managers. Souid and Stepniewski (2010) found that in France the board of directors with independent members played a significant role in hindering earnings management.

Conversely, Ghosh *et al.* (2010) find no significant relationship between the degree of independence of corporate boards and the level of earnings management. Interestingly, Liu *et al.* (2013) find that the presence of independent directors is positively associated with earning's management, and does not appear to provide better management control. Bao and Lewellyn (2017) support this finding because they acknowledge a positive relationship between the board's independence and earnings management. According to them, independent directors often have less time to spend with the firm and need more information to decide on an inside director.

Therefore, the control mechanisms of managers are the main ingredients of the analysis of corporate governance. Charreaux. G (1997) states that corporate governance covers all the organizational mechanism that has delimit the powers and influence managers' decisions. Among these mechanisms, the board of directors has received particular attention in

the international context. Indeed, several reports - Cadbury in England, the Vienot and Bouton reports in the French context, the Sarbone Oxley in the United States - recommend the putting in place of specialized committees (Audit, Verification, Nomination) insisting on their strength in the monitoring of discretionary behavior of managers.

In Cameroon, the main framework of our research, we can note that many works have focused on this theme of corporate governance (Feudjo, 2004 and 2008, Edimo, 2006, Wanda, Evina, 2010, Feudjo *et al*., 2013). Most of the work of these authors focuses on the effect of governance mechanisms on the performance of Cameroonian firms. In our context, scholars have hardly explored the aspect of result management.

It would be judicious to analyze the efficiency of governance systems on this aspect. The literature on earnings management in the Cameroonian context is scanty of studies that are interested in it. We have the studies by Djanyou (2001) on the production of accounting data by SMEs, which concluded that Cameroonian SMEs produce unreliable accounting information, and then the studies by Djongoue (2007) and Ngantchou (2008), which focused on the quality of accounting and financial information in this context. The work by Gantchou (2008) shows that almost 53% of Cameroonian firms manipulate accounting data for various reasons. Moreover, we can note from these results that the non-availability of accounting and financial information is an acute problem in the business environment in Central Africa and particularly in Cameroon. The INS 2016 census of Cameroonian companies support this fact. According to this census, there is a low level of application of OHADA law on "accounting" considered as the basic guide for processing and producing financial information in corporate governance.

In reality, following the resurgence of false financial statements, fraud, bankruptcies, and other financial scandals observed throughout the world, such as the Enron affair in the United States, Vivendi in France, Parmelat in Italy, the Batam affair in Tunisia, and Worlcom, accounting as an objective representation of economic reality is experiencing a real crisis of legitimacy (Afef *et al*., 2008). Cameroon is not immune to these financial scandals and business failures marked by arrests and dismissals of certain company directors, the vast majority of which concern parastatals and public companies, such as FEICOM, CFC, CNPS, CAMAIR, SIC, and more recently SODECOTON. The weight of these scandals and failures led researchers to ask questions about the effectiveness of governance mechanisms. But it also strengthens these mechanisms in managerial control and preserves the quality of the accounting and financial information that results from them.

To contain this crisis as quickly as possible, the United States, like France and Cameroon, is engaged in institutional, legal, and financial reforms. In addition, the identified perpetrators of the manipulations, essentially auditors and financial directors, accountants and management controllers, are legally and financially sanctioned. Nevertheless, one may wonder whether these legal and legislative measures are sufficient to ensure that the system is reliable in the long term. Should we not take into account the social dimension of the problem? Is it not necessary to understand the reasons and modalities of accounting manipulations before legislating? This question motivates our reflection on the theme: "Governance mechanisms and results management: an application to Cameroonian companies."

The main objective of this work is to verify in the Cameroonian context the impact of governance mechanisms of accounting earnings.

From this objective, we deduced the following specific goals:

- To verify the existence of a relationship between the ownership structure (capital concentration and nature of shareholders) and the management of accounting results;
- To verify the existence of a relationship between the characteristics of the board of directors (the size of the board of directors, the duality of the functions of chairman of the board of directors and chief executive officer, the presence of an audit committee) and the management of accounting results;

To carry out our study, the approach that seems most appropriate to us is the hypothetical-deductive approach. This is an approach that goes from the critical analysis of the literature to the verification of hypotheses, intending to allow us to better understand the effect of the concepts of corporate governance mechanisms on our dependent variable, which is the management of results. The mechanism of the empirical study of this work is divided into three major elements. First, the sample constitution and data collection procedure; second, the construction of the theoretical research model and the operationalization of the variables; and third, the presentation of the statistical tools for data analysis while interpreting the results obtained.

To do this, we have structured our work as follows: In the first section, we present the theoretical framework relating to the concept of governance mechanism and results management while summarizing the theoretical and empirical literature review on the links between the concepts and formulating the research hypotheses in section two. The third section deals with the methodological aspects and the analysis of the results obtained in section four. The conclusion is the

subject of the fifth section where we will present the main results of this research, the limits, and perspectives.

1. Theoretical basis of observation and research hypothesis

In this section, we will develop the concepts of governance mechanisms and results management. Then we will refer to the theories that underlie our problem. Finally, we will present a synthesis of the literature on these concepts while formulating the research hypotheses.

1.1 Concept of governance mechanisms and results management

1.1.1. Governance mechanisms

Louise, F. (2001) defined governance as "the set of actions and means adopted by society to promote collective action and provide collective solutions in order to pursue common objectives

"Scholars classify governance mechanisms in terms of

Internal mechanisms (the characteristics of the board of directors that is the size and diligence of the board of directors, the duality of the functions of chairman and chief executive officer, and the characteristics of the various committees) and the ownership structure (ownership concentration and the nature of the shareholders).

External mechanisms (the labor market and the market for goods and services, competition, financial policy, institutional investors, tax administration and regulation, the capital market, COBAC oversight of MFIs, and rating companies).

1.1.2. RESULTS MANAGEMENT

Several approaches have been proposed in the literature to define results management. According to the opportunistic approach, according to Healy and Whalen (1999), "earnings management occurs when managers use their judgment in accounting and transaction structuring to either mislead others about the company's actual economic performance or to influence the outcome of contractual arrangements based on accounting figures. Under this approach, earnings management can be understood as the estimation of provisions, the assessment of expenses and depreciation, leasing, and changes in accounting policies.

According to the informational approach, (Balsam *et al*. (2002), Janin (2000), and Dumontier and Elleuch (2002) conclude that earnings management allows for improved financial reporting. Xue (2003) found that earning's management reveals private information on the future performance of firms. According to this approach, earnings management can be understood by the following elements: asset disposal, discounting of commercial paper, and revaluation of fixed assets.

1.2. Contributions of governance theories to the explanation of earnings management.

1.2.1. The theory of property rights

The theory of property rights has Achian and Demsetz (1972) as its founders. At the base of the theory, two groups of actors are present: the executives considered as managers and the shareholders considered as suppliers of assets. The relationship between these two groups of actors develops in the absence of a complete contract.

The rationale of property rights is that the existence of well-defined property rights essential condition for individual initiative. The maximization of each utility must lead in so facto to an increase in collective efficiency. Thus, ownership structure defines different modes of incentives: private property appears like the superior form in the sense of Berle and Means (1932). It then offers a broad framework for analyzing organizations, taking into account the different patterns of property rights. Indeed, the TDP, whose purpose is to examine the impact of property forms on the functioning of economies, has revealed that the increase in collective efficiency requires the maximization of each utility. We break down the right to ownership of an asset into three inclusive attributes: the right to use the asset; the right to derive profit or income from it; and the right to transfer it permanently to a third party.

Grossman and Hart (1986) show theoretically that the ownership structure affects both positively and negatively the performance of the firm and consequently the quality of accounting information.

1.2.2. Agency theory

Agency theory (AT) is now an extension of the theory of property rights (TPR), developed under the impetus of Alchian and Demsetz (1976), which postulates that property rights are only effective if they are exclusive. The work of Jensen and Meckling (1976) then gave birth to the agency theory following the appearance of growing conflicts and divergence of views on action resulting from the increase in the number of agents participating in the organization's life. The managers do not always act in the best interests of the shareholders insofar as these two categories of actors possess different utility functions (Ross, 1973). Agency theory is only partially concerned with the definition of the personal objectives of each party involved in the firm, each seeking to maximize its utility function. Among all the stakeholders, shareholders (principals) and managers (agents) play a central role. The shareholders, considered as the ultimate beneficiaries of their position in the firm, and the managers, who have a privileged position in the

firm, have particular advantages that can lead them to manage the firm in their interests and not in the direction desired by the shareholders.

1.2.3. The theory of management entrenchment

The presence of an effective government within the firm should make it possible to avoid deviant and opportunistic behavior on the part of managers. By deviant behavior, we mean actions that do not generate value for the firm and the stakeholders. However, it seems that in some cases, managers remain in their positions despite relatively mediocre performance levels. The entrenchment theory illustrates this very well (Shleifer and Vishny, 1989).

Building on agency theory, Shleifer and Vishny (1989) develop the leader entrenchment theory, which poses the problem that leaders always have the opportunity to circumvent organizational and institutional mechanisms that intend to reduce their managerial delinquencies. Since corporate managers have more information than investors, they can manipulate accounting data to take advantage of it.

1.3. Controversial relationship between governance mechanisms and results management

Agency theory is based on the postulate that the separation of ownership and decision-making leads to conflict. To mitigate these conflicts, the theory proposes mechanisms to control managerial action, allowing the alignment of the interests of managers with those of shareholders. These mechanisms in the framework of this research are only internal to the company. They are essentially the board of directors, the ownership structure, and the audit committee (Davidson & al, 2005).

1.3.1. Board of Directors and earnings Management

The board of directors is considered by agency theory (E. Fama, 1980) as well as the theory of transaction costs (Williamson, 1985); as one of the main instruments for disciplining managers. It is based on two levers of action: the mode of remuneration in the broad sense (including non-monetary benefits) and the dismissal of managers. A review of the literature has enabled us to identify several criteria associated with the effectiveness of board control. These include the size of the board of directors, its composition and functioning, the financial incentives of outside directors, and the combination of the functions of CEO and chairman.

1.3.1.1. The size of the board of directors

The number of directors forming the board has both advantages and disadvantages: a large board has the advantage of being richer in experience and skills (Pfeffer, 1972). It also has the advantage of making strategic perspectives increasingly determinate. Conversely, the costs of having a large number of directors may be greater than the number of directors is. Other problems may include difficulties in coordinating individual contributions, conflicts in decision making, and difficulties in maintaining good relations among members (Lipton & Lorsh, 1992; Jensen, 1993).

According to Jensen (1993), the optimal number of directors is between seven and eight members, its effectiveness decreasing beyond that point because it becomes easily manipulated by the managers.

Several empirical studies have examined the relationship between the size of the board of directors and the quality of accounting information. Beasley (1996) and Vefeas (1999) have shown a negative relationship between board size and accounting performance management. Conversely, Chtoutou, Bédard, and Courteau (2001) indicate that a large board of directors improves the control of discretionary practices of managers. On the other hand, Jeanjean (2003) and Firth & al (2007) point out that there is no significant relationship between board size and management of accounting results.

This divergence of results leads to the conclusion that there is no consensus on the impact of board size on the management of accounting results. Hence, the following hypothesis is formulated:

H1) The larger the board size, the more the firm manipulates accounting data in terms of asset disposal;

1.3.1.2. Combining the functions of general management and chairmanship of the board of directors;

To ensure the proper functioning of the board of directors, the agency theory recommends a separation between the two functions: chief executive officer and chairman of the board of directors. The study of Sridharan & Marsinko (1997) confirms the better performance of the board of directors in the case of duality since the CEO (Chief Executive Officer) has all the information to disclose to the board members afterward.

Conversely, Fama & Jenson (1983) criticize the duality of the board of directors. They argue that the board of directors is ineffective in its mission of control and advice. Similarly, Beasley (1996) recommends the separation of the two functions. He points out that this separation limits the probability of producing non-compliant financial statements.

Ridha and Neila (2002) found in the Tunisian context, a significant relationship between the duality of the functions of CEO and chair of the board of directors and creative accounting. It is to test this relationship in

our context that we formulated our second hypothesis which is as follows:

H2) The combination of the positions of Chief Executive Officer and Chairman of the Board of Directors has a positive and significant impact on the manipulation of accounting data in terms of asset disposals;

1.3.1.3. Presence of an audit committee within the board of directors

DeFond and Jiambalvo's (1991) study is one of the first to focus on the presence of an audit committee on the board of directors. This study reflects the role of the committee in preventing and detecting non-compliant accounting practices. On the other hand, Liu *et al*. (2013) show that audit committee activity measured by meeting frequency reduces the practice of opportunistic management of accounting results. Similarly, Lau *et al*. (2016) show, in a sample of firms from 23 countries, those companies with strong governance and using the Big Four audit firms show a low propensity to manage accounting results.

The board of directors can delegate its function to committees that ensure the reduction of the likelihood of producing the consequences of poor quality financial reporting, namely: prosecution for fraudulent financial reporting, correction of quarterly results, the existence of alleged illegal acts, and a change of auditor motivated by disagreement on accounting standards.

Klein (2002) shows that the proportion of independent directors reduces the level of discretionary accruals. Similarly, Chtourou *et al*., (2001) find that earnings management accruals decrease as a function of the following two factors: a committee formally mandated to oversee the financial statements and the proportion of independent directors.

Conversely, Peasnell *et al*. (2000) did not find a direct relationship between the presence of an audit committee and earnings management. Based on the theoretical and empirical literature, we can formulate our third hypothesis, which is as follows:

H3) The presence of an audit committee positively and significantly influences the manipulation of accounting data in terms of revaluation of fixed assets;

1.3.2. Ownership structure and earnings management

The link between ownership structure and earnings management can be analyzed from the perspective of shareholder concentration, and the perspective of the nature of the various shareholders.

1.3. 2.1. Concentration of Ownerships

The results of Agrawal and Knoeber (1996) and La Porta *et al*. (2002) show the positive influence of capital concentration on the effectiveness of managerial control by shareholders. Indeed, the more capital is dispersed, the more the owners' incentive to invest in the control of managers is reduced since they alone will have to bear the cost, whereas all the shareholders will benefit from this action.

On the other hand, shareholders who have a significant share of the capital can assume control of the managers, since they will benefit from a non-negligible part of the additional profits made. It is in this sense that Mard and Marsat (2012) find that the concentration of ownership, measured by the percentage of capital held by the largest shareholder, is negatively associated with earnings management up to a certain ownership threshold, and then positively associated above that threshold. Similarly, Hamdi *et al*. (2018) in their work find that ownership structure has an impact on managerial opportunism. Indeed, the concentration of capital among a small number of shareholders constitutes a control mechanism for managers and moderates the level of earnings management around accounting thresholds.

Conversely, studies conducted by Fernandez and Arrondo (2005) and Agrawal and Knoeber (1996) reveal a negative relationship between capital concentration and the intensity of control exercised by the board of directors.

Donnelly and Lynch (2002), Fan and Wong (2002), and Limpaphayom and Manmettakul (2004) all confirm the influence of ownership structure on accounting information quality. Hence our fourth hypothesis:

H4) Concentration of ownership has a positive and significant impact on the manipulation of accounting data in terms of revaluation of fixed assets;

1.3.2.2. Nature of shareholders and earnings management

1.3.2.2.1. Managerial ownership

In the United States, several research studies provide results consistent with the managerial ownership hypothesis (Dhaliwal, Salamon and Smith 1982, Abdel-Kalik 1985, Dempsey, Hunt and Schroeder 1993, Warfield, Wild and Wild 1995). Ayres (1986) also tests the hypothesis by testing the date of adoption of SFAS 52 regarding the accounting for foreign currency transactions. Furthermore, the hypothesis has been validated by Cormier and Magnan (1995) in Canada and Darrough, for Jalali and Saudagaran (1998) in Japan.

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Conversely, some research provides results that run counter to the managerial ownership hypothesis. For example, Hunt (1985) finds no relationship between ownership structure and the choice of stock valuation method. In Great Britain, Young (1998) finds no link between the percentage of capital held by managers and earnings management. Similarly, the work of Guenther (1994) and Beneish (1997) does not support the hypothesis. Consequently, the empirical results concerning the managerial ownership hypothesis appear mixed. However, it is possible to think that the level of incentive for managers to manage results depends on their degree of involvement in the firm, following the theory of the alignment of managers' interests with those of shareholders. This leads us to formulate a Hypothesis consistent with that formulated by Dhaliwal *et al*. (1982) in the framework of the political-contractual theory of accounting:

H5) the greater the managerial ownership, the more the firm manipulates accounting data in terms of expense assessment;

1.3.2.2.2. State ownership

The link between state ownership and earnings management has been little studied. Using an international sample of privatized firms, Ben-Nasr *et al*. (2009) find that state ownership is associated with lower quality of accounting results, and in particular with higher discretionary accruals. In China, Ding *et al*. (2007) find that private firms manage accounting results to a greater extent. They note, however, that the rooting effect associated with concentration is stronger among state-owned firms. Ridha and Neila (2002) find a positive relationship between capital ownership and the practice of creative accounting in the Tunisian context. Based on political-contractual theory, we can assume that firms with state ownership are subject to greater political costs, such as regulatory costs. They may have incentives to manage earnings to limit the impact of these costs, according to the following hypothesis:

H6) The higher the state ownership, the more the firm manipulates the accounting data in terms of asset disposal;

1.3.2.2.3. Institutional ownership

Institutional investors, in particular, also exert a controversial influence on earnings management. On the one hand, blockholders are assumed to be motivated and skilled at enhancing control of the firm (Bushee 1998). For example, institutional investors are often seen as more sophisticated and better-informed investors than individual investors. Conversely, outside shareholder blocks are accused of favoring a short-term horizon and pressuring management for a quick return on investment (Porter 1992). This can lead managers to make suboptimal decisions or to manipulate information to influence stock prices, hence the following hypothesis:

H7) The greater the ownership of institutional investors, the more the firm manipulates accounting data in terms of revaluation of fixed assets;

2. METHODOLOGICAL FRAMEWORK

It concerns the general approach of the research starting from the epistemological paradigm, the population of the study, the choice of the sample and the method of data collection, the measuring instrument, and the statistical methods used for the data processing.

2.1. The epistemological paradigm

All research raises epistemological questions. The criteria of validity of our research are verifiability, confirmability, and refutability, in other words, the explanation or prediction of reality. Given these different reasons we can say that our research is situated in a positivist paradigm.

2.2 Choice of the sample and data collection method

- The sampling method is the reasoned choice because it allows choosing precisely the elements of the sample to respect more easily the fixed criteria and the related results can lend themselves to a generalization of analytical type.
- Data were collected by questionnaire from 41 firms in the cities of Yaoundé, Douala, Bamenda, Bafoussam, and Limbe.

2.3 Theoretical model of the study and definition of variables

Since the objective of this work is to show that earnings management can be influenced by the governance mechanism, for this purpose we present a structural model that establishes the relationship between the characteristics of the board of directors, the ownership structure, and earnings management (EARM):

EARM = α0+ αiXi+ ε (1), whose full empirical form is as follows:

EARM = αo + α1SBD + α2 CFCEOBD + α3PAC + α4CON+ α5MOWN + α6INSOWN+α7STAOWN +ε(2).

In more detail we have:

EXAP = αo + α1SBD + α2 CFCEOBD + α3PAC + α4CON+ α5MOWN + α6INSOWN+α7STAOWN +ε(1).

ASDI = αo + α1SBD + α2 CFCEOBD + α3PAC + α4CON+ α5MOWN + α6INSOWN+α7STAOWN +ε(2).

ASRE = αo + α1SBD + α2 CFCEOBD + α3PAC + α4CON+ α5MOWN + α6INSOWN+α7STAOWN +ε(3).

With:

Explained variables: EARM: Earning management, It is captured by: expense appreciation (EXAP), asset disposal (ASDI), and asset revaluation (ASRE);

Explanatory variables: SBD: Size of the board of directors, CFCEOBD: Combination of the functions of chief executive officer and chairman of the board of directors, PAC: Presence of the audit committee, CON: Concentration of ownership, MOWN: the managerial shareholder, INSOWN: Institutional Ownership and STAOWN: State Ownership.

2.4. Operationalization of the study variables

Table-1: Operationalization of variables

Variables	Definitions	Measures retained by reference to previous studies	Authors of reference
Variable explained: Management of accounting results			
EXAP	Expense appreciation	1 if expense appreciation and 0 if no	Ridha et Neila (2002)
ASDI	Asset Disposal	1 if Asset disposal and 0 if no	Ridha et Neila (2002)
ASRE	Asset Revaluation	1 if revaluation of asset and 0 if no	Ridha et Neila (2002)
Explanatory variable: Governance mechanisms			
SBD	Size of the board of directors	Membership of the Board of Directors	Beasley (1996), Vefeas (1999) ; Chtoutou, Bédard et Courteau(2001); Jeanjean (2003) et Firth&al (2007)
CFCEOBD	Combination of the functions of chief executive officer and chairman of the board of directors	1 for a combination of the functions and 0 if not	Fama& Jenson (1983) ; Sridharan & Marsinko (1997) ;
PAC	Presence of audit committee	1 for the presence of audit committee and of if not	Klein (2002) ; Chtoutou & al (2001)
CON	Concentration of ownership	Percentage of capital held by the majority shareholder	La Porta *et al*. (2002) ;) et Agrawal et Knoeber (1996)
MOWN	Managerial ownership	Percentage of capital held by management shareholders	Dhaliwal, Salamon et Smith 1982, Abdel-Kalik 1985, Dempsey, Hunt et Schroeder 1993,
INSOWN	Institutional ownership	Percentage of capital held by institutional shareholders	Porter (1992) ; Ridha et Neila (2002) ; Ali *et al*. (2007)
STAOWN	State Ownership	Percentage of capital held by institutional shareholders	Ben-Nasr *et al*. (2009)

Source: Authors from the literature review.

2.5. Method of statistical analysis

For the processing and analysis of the data, we used the SPSS software because of its high scientific scope;

For the descriptive analysis, we used the flat sort (which allows us to know the number of respondents for each response modality) and the cross sort (which allows us to describe and explore the relationships that exist between two variables simultaneously);

And for the test of our hypotheses, we used the analysis of variance (to explain the quantitative variables by the qualitative variables) and the linear regression for the estimation of the variables and we obtained the following results:

Table-2: Descriptives Statistics

	N	Minimum	Maximum	Moyenne	Ecart type
Combining the functions of Chief Executive Officer and Chairman of the Board of Directors	30	1	2	1.87	.346
Size of the Board of Directors	30	1	5	3.57	1.357
Presence of an audit committee	30	1	2	1.40	.498
Concentration of ownership	41	1	3	1.54	.745
Managerial ownership	41	1	2	1.80	.401
State ownership	41	1	2	1.90	.300
Institutional ownership	41	1.00	2.00	1.6829	.47112
Expense appreciation	41	1.00	2.00	1.6829	.47112
Asset disposal	41	1.00	2.00	1.2439	.43477
Asset reevaluation	41	1.00	2.00	1.5122	.50606
N valid (list)	30				

Source: Authors based on data analysis

3. RESULTS AND DISCUSSION

In the following, we will present the results of the descriptive and explanatory analyses.

3.1 Results of the descriptive analyses

The results of the descriptive analysis are shown in Table 2 above. The average level of the variables measuring results management is 1.479675 ((1.6829+1.2439+1.5122)/3) and is significantly different from zero (at the 1% level). This means is closer to the maximum value of the earnings management index, which leads us to say that Cameroonian firms have an incentive to manipulate accounting data. These results reflect the specificities of the Cameroonian context in which the economic fabric is composed of 95% of SMEs of which 70% are in the informal sector, compared to the American or English contexts (Sercu *et al*. 2002).

In addition, an examination of the ownership structure shows that managers hold an average of 1.8 percent of the capital of firms, compared to 1.68 percent and 1.9 percent held by institutional and state shareholders respectively. In addition, blockholders own on average 1.54% of the capital, with a maximum of 3%. We note that the functions of the chairman of the board of directors and chief executive officer are combined in 1.87% of the companies in our sample and that an audit committee is present in 1.4% of cases. The size of the board of directors seems to vary greatly across all the observations, with a standard deviation of 1.357.

3.2. RESULTS OF THE EXPLANATORY ANALYSES

We have previously put forward hypotheses that need to be tested at this stage. For this purpose, Table 3 below presents the results of the linear regression analysis.

Table-3: Model estimation through linear regression

	MANAGEMENT OF ACCOUNTING RESULT								
	Model 1			**Model 2**			**Model 3**		
	APPRECIATION OF EXPENSES			**ASSET DISPOSAL**			**ASSET REEVALUATION**		
	Bêta	**t**	**Sig.**	**Bêta**	**t**	**Sig.**	**Bêta**	**T**	**Sig.**
(Constante)		1.105	.281		2.248	**.035****		1.909	**.069*****
CFCEOBD	.137	.465	.647	.144	.573	.572	-.349	-1.269	.218
CON	-.278	-1.328	.198	-.129	-.724	.477	-.108	-.550	.588
PAC	.124	.393	.698	-.095	-.354	.727	.404	1.368	.185
SBD	-.019	-.053	.958	-.361	-1.205	.241	.185	.562	.580
MAOWN	.142	.453	.655	.236	.886	.385	.284	.972	.342
STAOWN	-.131	-.578	.569	-.535	-2.783	**0.01***	-.312	-1.476	.154
INSOWN	.061	.277	.785	.134	.718	.480	-.235	-1.153	.261
R	0.337			0.598			0.477		
R2	0.113			0.358			0.227		
R2 Ajuste	-0.169			0.154			-0.019		

***, **, ***: significant at 1%, 5% et 10%**
Source: Authors based on data analysis

3.3 Interpretation of the results

We will in turn interpret the results of the non-significant and significant variables while validating the research hypotheses.

3.3.1 Interpretation of non-significant variables

From these results, and knowing that R2 is 0.113, 0.358, and 0.227, respectively for models 1, 2, and 3, we can conclude that the variables taken into account in these models explain only 11.3%, 35.8%, and 22.7% respectively of the management of results in terms of appreciation of expenses, disposal of assets and revaluation of fixed assets. It can be noted that these models reveal a positive and significant value for the variable representing the unspecified factor (constant) at the threshold of 5% and 10% for models 2 and 3 and not significant for model 1.

3.3.2 Interpretation of significant variables and validation of hypotheses

In this section, we will test the different hypotheses of our study.

3.3.2.1. Board size and asset disposal

As we can see from the linear regression table, the regression coefficient of the board size variable is -0.361; a positive value and the value of the (t) statistic is -1.205 for our model. 0.241 is not significant because it does not belong to the confidence interval at the 10% threshold. Therefore, the size of the board of directors does not have a significant influence on earnings management when measured by asset disposal. This allows us to reject the H1 hypothesis. These results corroborate those of Jeanjean (2003) and Firth *et al.* (2007) which would mean that in the Cameroonian context, a large board size will not always encourage the firm to manipulate accounting data to improve results and benefit from dividends. These results are in contradiction with those of Chtoutou *et al.* (2001), Beasley (1996), and Vefeas (1999).

3.3.2.2. Combining the functions of CEO and chairman of the board of directors and the transfer of assets;

Table 3 shows that the regression coefficient for the variable CEO and Chairman of the Board is 0.144, a positive value, and the value of the statistic (t) is 0.573 for our model. 0.572 is not significant because it does not belong to the confidence interval at the 10% threshold. Therefore, cumulating the functions of the CEO and Chairman of the Board of Directors does not have a significant influence on the management of results when measured by the disposal of assets. This allows us to reject the H2 hypothesis. This means that the duality of the functions of the CEO and chairman of the board does not always encourage the manager to manipulate the accounting data to his advantage in the Cameroonian context. These results thus contradict those of Ridha and Neila (2002) in the Tunisian context.

3.3.2.3. Presence of an audit committee within the board of directors and the revaluation of fixed assets;

Through the linear regression table, we observe that the regression coefficient of the variable establishment of an audit committee is 0.404; positive value and the value of the statistic (t) is 1.368 for our model. 0.185 is not significant because does not belong to the confidence interval at the 10% threshold. Therefore, the establishment of an audit committee does not have a significant influence on the management of results. This allows us to refute hypothesis H3. This is in line with the work of Peasnell *et al.* (2000) and contradicts the work of Chtourou *et al.*, (2001). This means that in the Cameroonian context, earnings management does not diminish despite the presence of the audit committee, which is mandated to monitor the financial statements.

3.3.2.4. Capital concentration and fixed asset revaluation

As we can see from the linear regression table, the regression coefficient of the variable capital concentration is -0.108; negative value and the value of the statistic (t) is -0.550 for our model. 0.588 is not significant because does not belong to the confidence interval at the 10% threshold. Therefore, capital concentration does not have a significant influence on earnings management. This allows us to reject hypothesis H4. These results contradict those of Ridha and Neila (2002) in the Tunisian context, Donnelly and Lynch (2002), Fan and Wong (2002), Limpaphayom and Manmettakul (2004), and corroborate with those of Fernandez and Arrondo (2005), and Agrawal and Knoeber (1996).

3.3.2.5. Managerial ownership and expense appreciation

Reading the linear regression table, we note that the regression coefficient of the managerial shareholding variable is 0.142; positive value and the value of the statistic (t) is 0.453 for our model. 0.655 is not significant because it does not belong to the confidence interval at the 10% threshold. Therefore, the share held by the managerial shareholding does not have a significant influence on the management of results. This allows us to refute hypothesis H5. However, we can conclude that in the Cameroonian context, the level of incentive for managers to manage results does not depend on their degree of involvement in the firm. This contradicts the work of Guenther (1994) and Beneish (1997). These results are in line with those of Hunt (1985) and Young (1998) in Great Britain.

3.3.2.6. State ownership and asset disposal

We observe in the linear regression table that, the regression coefficient of the state ownership variable is -0.535; negative value and the value of the statistic (t) is -2.783 for our model. 0.01 which is

significant because belongs to the confidence interval at the 1% threshold. Therefore, the share held by the state-owned company has a significant influence on the management of results. This allows us to confirm the H6 hypothesis that. This work is in line with that of Ridha and Neila (2002) in the Tunisian context and contradicts that of Ben-Nasr *et al*. (2009) and Ding *et al*. (2007) in China.

3.3.2.7. Institutional ownership and the revaluation of fixed assets

An observation of Table 3 reveals that the regression coefficient of the state ownership variable is -0.235; negative value and the value of the (t) statistic is -1.153 for our model. 0.261 Which is not significant because does not belong to the confidence interval at the 10% threshold. Therefore, the share held by the state shareholder does not have a significant influence on the management of results. This allows us to confirm hypothesis H7. This result is contrary to that of Porter (1992) and corroborates with that of Ridha and Neila (2002) in the Tunisian context.

4. CONCLUSION

The main objective of our article was to verify the impact of governance mechanisms on the management of accounting results in the Cameroonian context. To verify our predefined objectives, we had to formulate research hypotheses.

To carry out our study, we used a methodological approach that consisted first of defining the sampling frame. Based on this sampling frame and not having enough information on a sampling frame for our target population, we opted for a purposive sampling method. The choice of this method was motivated by several reasons, including the absence of a database on the organization of the accounting department in the Cameroonian context. Then, we constituted a final sample employing a questionnaire of information on 41 firms, including 4 firms in the city of Yaoundé, 2 in Limbe, 2 in Bafoussam, 6 in Bamenda, and 27 firms in the city of Douala.

Finally, as part of the processing and analysis of our collected information, we used SPSS software for data processing, and the use of correlation tests, Chi-square tests of independence, and analysis of variance tests for the different analyses and estimation of the different parameters of our research model. Our results show that certain hypotheses indicate a significant relationship between results management and certain governance mechanisms.

From these results, we can draw a large number of managerial lessons from both an academic and a practical perspective.

The academic perspective includes theoretical, empirical, and methodological contributions. Theoretically, this paper informs us that the impact of governance mechanisms on earnings management, as measured by asset disposal, expense assessment, and fixed asset revaluation, may vary according to the characteristics of the board of directors (the combination of CEO and chairman, the size of the board and the presence of an audit committee) and the ownership structure (ownership concentration, managerial, state and institutional ownership).

Empirically, we believe that we have enriched the literature on performance management in Cameroon by studying the effect of governance mechanisms. Our article provides complementary results to those already available.

Methodologically, we believe we have enriched our academic field by justifying our choice of research models and data analysis techniques. For we have used both linear regression for the estimation of the parameters of our research model.

As for the practical contribution, because of the different results obtained during our study in the Cameroonian context, we note that all the firms in our sample manipulate accounting data. These manipulations can have positive and negative effects on the evolution of the firm. We find that 58.5% of the firms in our sample manipulate accounting data to minimize taxes, demonstrating that many of them manipulate data to their advantage. Given the negative impact of these practices on state tax revenues and the sustainability and growth of businesses, many lessons can be learned for businesses and the Cameroonian tax authorities.

At the level of companies

It should be noted that this practice of managing results to minimize taxes leads companies to resort to tax adjustments and given the negative impact of these tax adjustments on the sustainability and growth of companies, we urge the members of the board of directors of the various companies to become more involved in the establishment of audit committees within their boards, given their role and necessity in the reliability of accounting information. This setting up within the boards is certainly voluntary, i.e. not subject to any legal constraint, but a crucial element for the preservation of the quality of accounting information. We also recommend that boards of directors reduce the size of their boards in the future and limit the number of shares held by executives in the company's capital.

We also call on managers to respect the ethics of the accounting profession by limiting the manipulation of the accounting data in the optics of minimization of the taxes through the appreciation of the expenses and the depreciation concerning the legal and financial sanctions established by the state.

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We encourage company managers to practice results management by playing on the loopholes of the accounting law through other techniques such as the choice of advantageous accounting methods, the transfer of assets, leasing, revaluation of fixed assets, and discounting of commercial bills to take advantage of them.

At the level of the tax authorities

We urge the Cameroonian tax authorities to strengthen the tax control system by computerizing the control system, for example, to recover the maximum amount of tax revenue.

The field of research on governance mechanisms and results management is very vast. Researchers will be able to integrate the influence of other variables characteristic of the board of directors (the diligence of the board of directors, the size of the audit committee, etc.) and the ownership structure (family shareholding, industrial shareholding, etc.) on the management of accounting results apprehended by other techniques such as the appreciation of depreciation, the discounting of commercial paper, and leasing to enrich this work.

A study based on a cognitive approach could attract the attention of future researchers in management sciences.

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