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THE IMPLICATIONS OF THE ACCOUNTING DATA MANAGEMENT ON THE EXERCISE OF LOANS DISCRETION BY BANKS IN CAMEROON: THE CASE OF SMALL AND MEDIUM SIZE ENTERPRISES

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ABSTRACT

In a context proven to be one of information asymmetry, the present study measures the effect of accounting information on the decision to grant bank credit to Cameroonian SMEs. To achieve this objective, a questionnaire with hypothetical - deductive orientation was elaborated and administered to a sample of customer relations managers of Cameroonian banks. The data collected enabled us to test the formal hypotheses made after a review of the literature on the question. As concerns the decision of granting of loans, it appears as a last resort, that banks prefer non accounting indicators to accounting indicators. This choice is explained by the lack of confidence by the banks in the financial statements communicated by SMEs, at the same time, it also constitutes a proof of the practice of accounting information management by the enterprises and indirectly justifies the exclusion of these enterprises from bank financing. As a remedy to this situation, this study opens the way for a reflection on the importance of transparency in the production and the communication of financial information.

Keywords: Accounting Information, Bank Loans, Credit risk – SME, Cameroon
JEL Classification: D81, E5, E43, G2, G24, G32, H83, M21.

1. INTRODUCTION

Accounting fully plays its role only if its outputs meet the criteria of quality defined by the accounting system of reference in place. It is then that it can be credible and gain the confidence of the users of the financial statements. The accounting literature reports the existence of an informational asymmetry between the prepare of the accounts, the managers and those taking part. It is likely that the leaders are tempted to manipulate this information to change the perception of the financial situation of the enterprise that the other stakeholders have. In practice, banks are, just like the tax administration, regular users of accounting information; the decision to grant bank loans, to finance the operating cycle or the investments of enterprises, is generally taken after an accounting information analysis[1] and an analysis of the environment (and of the development perspectives) of the enterprise (Charreaux, 2000).

Considering the economic and social importance of SMEs in the Cameroonian environment[2], it appears indispensable for us to consider actions aiming at supporting their actions of development. Looking at the difficulties of financing of this category of enterprises, a relation between the quality of information produced and the financing of the enterprises merit to be studied. The SME is above all else an instrument of the economic recovery. This makes the question of the financing of the projects of creation, extension or restructuring of this category of enterprises (SMEs) important. This question is even more preoccupying given that there exists no bank specialised in the financing of the small firm. It is not easy to find money to create or to develop an enterprise.

Whereas the banker believes that, due to a lack of strong collaterals, all loans granted to SMEs is synonymous of excessive risk taking, the managers of the SMEs believe they are victims of discrimination in relation to the large enterprises. The bankers explain their attitude by the incompetence of the managers of the SMEs and by the non reliability of the financial information that they communicate. They believe they are victims of an asymmetry of information. Indeed, as Schatt and Breton declare, the managers can be tempted to present an «advantageous» financial situation that consists in revealing a low default risk in order to finance themselves at a lower cost (low risk premium invoiced by the banker) or to avoid credit rationing. Such a manipulation will also permit to transfer wealth from the banks to the shareholders of the enterprises. Ndjanyou (2008), declares that the information systems of the Cameroonian SMEs is known to be more opaque than those of the big enterprises so that the banks are able to develop behaviors of financial rationing when faced to SMEs. The problem of the quality of the financial information of SMEs is therefore important and merits to be studied. Banks find in it a new motive to reduce loans. The freedom enjoyed by SME managers not only allows them to shape the accounting information in the respect of the legal setting, but also to carry out stealing operations or hide information that can bring the banker into error.

Financial information constitutes for the banker an important element in the appreciation of the risk of default of the borrower. For the manager, it represents an instrument of communication strategy. These antagonistic positions lead to the rationing of credit by the bankers. From then on, we are right to ask questions on the utility of accounting information or the value that the banks attach to accounting information of SMEs. In other words, what is the place or importance of accounting information in the process of the granting of loans by banks to SMEs? In line with the research question, this study is built upon two main objectives: (a) To assess the role of the financial statements in the process of granting of the loan decision by banks to SMEs; and, (b) To evaluate the impact of the possible manipulations of accounting information by the SMEs on the bank loan supply decision. To accomplish the objectives, two hypotheses are tested:

- H1: The management of accounting information negatively influences the decision to grant loans by banks.
- H2: Non-accounting criteria have a bigger influence on the decision to grant loans than accounting criteria.

After presenting the concept of accounting information management, we will present the empirical tests and analyse the results obtained in the final part.

[1] The analysis may be an accounting analysis (a patrimonial and functional analysis of the balance sheet) or a statistical one (scoring) which is also based on accounting information.

[2] According to data from the National Institute of Statistics, SMEs contribute more than 60% to the national wealth. In 2005, SMEs of the formal and informal sectors contributed more than 50% to the country's GNP. During this same period, SMEs employed more than 90% of the working population. SMEs make up an important element of the nation's strategy for economic and social development (Wamba, 2001).

2. CONCEPTUAL FRAMEWORK

Several authors have attempted to give a definition of accounting information management (Stolowy and Breton, 2003; Brown, 1999; Raybaud – Turrillo and Teller, 1997). Stolowy and Breton (*2003*) define it as the use by managers of the discretion given to them concerning accounting choices or the structuring of operations in view of generating a modification of the risk of wealth transfer of the enterprise. They propose a new concept to qualify the management of accounting information notably, creative compliance - a term that describes the capacity of creative accounting to remain in the limits of the law, while distorting the sense. Several concepts are frequently used in the literature to designate the management of accounting information. The literature reveals many forms of accounting information management.

(a) Creative Accounting

This concept appeared in the Anglo-Saxon literature in the 1970s. Creative accounting is generally defined as a technique of presentation of the yearly accounts of a company that permits to give the best possible picture of the results and the balance sheet; but also as a technique of communication aiming at valorising through its legal accounts, the picture of a company in the eyes of its personal or institutional investors. Stolowy and Breton (2003) expressed concern, if the notion of creative accounting is not a myth, or simply a common phenomenon. In the meantime, authors like Raybaud - Turrillo and Teller (1997), insist on the fact that creative accounting is a reflection of financial creativity. These practices however have some limits in the sense that certain are insignificant and take advantage, in all legality, of the flexibility of the regulation, the risk being large to go beyond the exploitation of the flexibility of the regulation to the hiding of information and rigging of accounts that can deceive lenders and investors.

(b) *Earnings Management*

Earnings are considered as an indicator of performance, a signal of the quality of the enterprise (Saghroun, 2003). The accounting result includes accruals, that is to say elements of the final account that are calculated by the preparers of the accounts and that are not reflected in practice by a flow of capital that could validate in an objective manner its amount (Saghroun, 2003). This therefore leaves space for managers to manipulate earnings, either increasing it or lowering it, with the objectives being to attain the level of forecasts, to avoid the losses or simply to maximize the wealth of the managers; given that the contracts of remuneration for managers are often accompanied by clauses linked to the earnings (Berthelot and al., 2003).

(c) Income Smoothing

Hepworth (1953) was the first to think that the management of an enterprise can smooth the income; the hypothesis was adopted by Gordon (1964). Healy (1985) speaks of strategy familiarly qualified as taking a bath. For long, income smoothing has been considered as an act of opportunism by a management willing to manipulate the financial statements. Ronen and Sadan (1980) affirm that income smoothing is maybe not that harmful. More specifically, they hold that smoothing can widen the external user's capacity for forecasting future results. In the same line, Wang and Williams (1994) show that contrary to the widely held opinion according to which the smoothing of income constitutes fraud and deceives the reader, smoothing enriches the informational value of the results published, the markets welcome smoothed results and the enterprises having smoother result evolutions are considered as including less risk. The objective of income smoothing is to produce the earnings that follow a regular growth curve corresponding to a reduction of the variance of the earnings.

(d) Big Bath Accounting

The hypothesis of cleaning the accounts also named in the literature by 'Big Bath Accounting' postulates that, managers witnessing difficulties can take the accounting decisions having a negative impact on the result. They thus liquidate losses restart on a healthy basis, especially when a new manager happens to be at the head of an enterprise, he makes his predecessor carry the responsibility of the losses and thus preserve his reputation (Mard 2004; Mistral and Coll, 2003). This is even more plausible in the case of a non routine change of management, event that creates a favorable territory for the cleaning of accounts. The new manager is going to adopt a policy thus intended to reduce the results of the first financial year in order to increase them better in the following financial years (to prepare the path for the future and constant earnings).

***(e)** Factors Explaining The Management Of Accounting Information*

Theoretically it is possible to explain the incompleteness of the accounting information of SMEs. The contractual relation that is created between the bank supplier of loans and the SME requesting financing constitutes a particular category of the agency relation (Charreaux, 1999). The asymmetry of information considered as a form of ex-ante opportunism (Coeurderoy and Quelin, 1997; Akerlof, 1970), exercises itself when hidden, deformed and falsified information, the hidden intentions exist before the signature of the contract. In a bank loan contract, the existence of asymmetry of information pushes the managers of SMEs demanding loans to a credit pre - contractual opportunism (adverse selection). While using their informational advantage, considering the freedom allowed to managers in their decisions (accounting choices), they are often inclined to shape accounting information, often in the respect of the legal setting (Mard, 2004); but also beyond.

In order to explain how the incompleteness of contracts can bring agents to rig accounts, we will base ourselves on the theory of transaction costs that rests on two hypotheses on the behaviour of the economic agents (Williamson, 1999): the limited rationality and the opportunism that are major reasons of the incompleteness of the contracts. That of limited rationality developed initially by Crozier (1993), refers to the inability of agents to foresee all possible situations on the final result of their transactions, hence the incompleteness of the contracts. After this theoretical review, we now return to the empirical study.

3. MATERIALS AND METHODS

The study adopted the quantitative approach which has many advantages especially concerning the assessment of the importance of accounting information management in the process of granting of bank loans in Cameroon. We also used the hypothetical-deductive approach which suggests the use of verification of hypotheses (Thietart and Coll, 2003). We used a questionnaire method for data collection as recommended by Thietart and Coll (2003) which afford us the opportunity to establish the statistical relationship between the variables.

The population of reference in the study is made up of SMEs client customer relations managers of commercial banks. It is interesting to note that the majority of these customer relations managers are members of the credit committees of their bank. We chose in a random manner 12 customer relations managers by banks, whatever the agencies. The base (initial) population therefore has a size of 120 individuals, in the 10 commercial banks investigated.

A questionnaire in relation to the objectives of the study was conceived and administered by us during the period of March to May 2012 to the various SMEs client customer relations managers of the sample. Three months later, with a desire to increase the relevance of our information and to face the non-responses, the answers to the questionnaires were completed by semi - directive interviews with managers of banks exercising in the departments of risk and SME engagement. In the 120 distributed questionnaires, 102 individuals provided usable answers given the objectives pursued by our study, corresponding to a response rate of 85%.

We constructed an econometric model shown below in order to measure the effect of accounting variables (accounting information) and non-accounting variables (confidence ties[3], required collaterals, the profile of the manager of the SME) on the decision to grant bank loans (DOCB). The dependent variable is therefore DOCB. The model presents itself as follows:

$$DOCB = a_0 + \sum a_i X_i + e. \qquad (1)$$

With Xi, the explanatory variables; a_0, the constant term; a_i , the coefficients of the regression and e, the error term. The complete empirical form of the model is:

$$\begin{aligned} DOCB &= a_0 + a_1 PERINFO + a_2 OMC + a_3 COMPINF \\ &+ a_4 EXINFOS + a_5 IMPINFO + a_6 QOU + a7\, DUREL \\ &+ a_8 RECH + a9\, PROX + a10\, PGGE + a11\, NIF \\ &+ a12\, NAPD + a_{13} AGE + a_{14} SEX \\ &+ a_{15} EXSEC + e \end{aligned} \qquad (2)$$

Where *DOCB designates the decision to grant bank loans to SMEs.*

It is a binary variable taking the value 1 if the bank grants the loan to the SME and 0 if no. PERINFO designates the relevance of the information ; OMC designates the objectivity of the accounting measure ; COMPINF designates the comparability of the information ; EXINFOS designates the exhaustiveness of the significant information ; IMPINFO designates the impartiality of the information ; QOU designates the quality of the tool used ; DUREL designates the length of the relation with the SME or age of the account ; RECH designates respect of the deadlines of reimbursements ; PROX designates proximity between the SME and bank ; PGGE designates the percentage of the collateral in the total amount of the loan ; NIF designates the level of education and training of the manager; NAPD designates the number of years spent in the post of manager ; AGE designates the age of the manager of the SME ; SEX designates the sex of the manager ; EXSEC designates the experience in the business sector.

THE HYPOTHSES

[3] Confidence ties are viewed here as an economic exchange relation the uncertainty of the banker about the reliability of his client (moral hazard) is reduced because the actors know each other and/or their belonging to one social network. The banker who insures the risk in the credit relationship is led out of a strictly professional relationship into a less formal one in order to cover himself against any risk of an opportunistic behaviour by his customer. In order to capture the closeness of the ties between the banker and SME manager, we used two indicators: we first used physical or geographical proximity (Ghoshl, Nehapret,1998) with the lender, the local implantation of bank agencies appears for example as a form of proximity that facilitates interrelationships between actors to which confidence is related; it is in this sense that a study conducted in Italy by Auria, Faglia and reedtz (1994) ; Blackwell and Winters (1997) find that the closeness of the relationship between the banker and the firm is the main determinant of the interest rate on the loan. Then we used the length of interpersonal relationships between the actors which contributes to strengthen the confidence ties between them. In fact, the regularity of transactions generates information and any borrower with a lasting relationship with his banker has an advantage over other borrowers and may have his credit limit extended (Fernando, Chakraboty and Mallick, 2002) but in a discontinuous manner, or his interest rate on the loan may be negatively affected (Harhoff et Korting, 1998). Also see the works of Paranque, 2000.

H1: the management of accounting information negatively affects the decision to grant bank loans.

This hypothesis is justified by the fact that in general, the financial statements from the SMEs are usually manipulated by their managers, and bankers therefore distrust the accounting information and rely little on it to make a decision to grant a loan. Because of the incompleteness of the accounting information, we make the following hypothesis:

H2: the non-accounting assessment criteria used by banks have a greater effect on the decision to grant loans than accounting criteria. This hypothesis is subdivided into three units:

H2.1: the mutual confidence between the banker and the leader of the SME has a positive influence on the decision to grant loans.

H2.2 : the more the SME is ready to satisfy the banker's requirements in terms of collateral, the more chances it has to benefit from the financing requested.

H2.3: the manager's profile has an influence on the decision to grant loans.

3.1 STATISTICAL APPROACH

The descriptive approach used is based essentially on the construction of simple cross tables of frequency which show: the importance of SME clients in the total bank clients, the perception of the SME by the banker, the importance of each banking criteria in the process of granting of loans and finally the perception by the bankers of the notion of management of accounting information. The second approach, termed analytic will try to establish that accounting information manipulation is the origin of the weak informational utility granted it in the process of the decision to grant bank loans. The Pearson correlation test will be used to this effect. In order to confirm or invalidate the results and tendencies given above on bank practices in the granting of loans, we proceed we use non parametric tests (the ordinal nature of our variables). On the basis of the four explanatory variables namely: the quality of financial information, the confidence ties, the required collaterals and the profile of the manager; we developed four models on which we first carried out a univariate analysis. We then tested the global model to see the combined influence of the different variables retained on the decision to grant bank credit. For this global model, a multi-variable analysis is made.

4. RESULTS AND DISCUSSIONS

By nature, the SME is a human dimension. Yet it is the size that determines what a bank considers as an SME. Our results reveal that the SME is to the Cameroonian banker's eyes a scale model of the large firm (for more than 60% of the respondents), that has a yearly turnover of at least CFAF 50 millions[4] (40%), 100 million (30%), or 250 million (30%). Banks also use other criteria like their tendency to evolve in the informal (55% of the respondents), their « contribution to the capital stock » (50% of the respondents) or the amount of collateral provided and their risk of bankruptcy (15% of the respondents). The size of the outstanding debt of the firm is also used to define the SME. An SME can be defined as a firm that benefits from an outstanding loan below CFAF 30 millions (70% of the banks).

We are not far from the lack of interest in the financial statements referred to by Mistral and Coll (2003). Indeed more than 75% of the respondents think that the financial statements contained in the loan request files of SMEs very often or always are manipulated by their managers. This results in a weak level of satisfaction as concerns : the utility of the information for decision making (less than 15% of the respondents) ; the comparability of information (less

[4] 1€ = F.CFA 655,957

than 10%) ; the impartiality of information in relation to the different groups of users (less than 15% of respondents) ; objectivity of the accounting measure (less than 20% of the respondents) ; The exhaustiveness of the meaningful information (less than 15%) ; the quality of the computer tools and the utilized staff (less than 5% of the respondents).

The strong presumption of manipulation of accounting information coupled with the weak degree of satisfaction of the accounting information received by the bankers, results in the strong intensity of reprocessing of the different financial statements received. The balance sheet, the final accounts, the treasury plan and the estimated earnings reports are very often reprocessed (more than 80% of respondents). The TAFIRE (Table of Financing in the OHADA region) and the attached statements are very often reprocessed (less than 70% of respondents)
The factors that explain accounting information management according to the bankers are: the informational advantage that the SME detains on the bankers (close to 70% of the respondents); the opportunist character of the managers of SMEs (dose to 60% of the respondents); the bad faith or the informal information system of SMEs (60% of the respondents) ; the requirements of the financial companies in collaterals (40% of the respondents) ; and often at the origin, the burden of taxation (less than 40% of the respondents).

The results of our investigation seem to confirm the hypotheses according to which the « real collateral provided » is the most discriminating criteria of the decision to grant loans by the banker. In fact, close to 80% of account administrators questioned think that real collaterals are important enough or of a very big importance in the decision of the banker. The collateral required should cover between 50% and 100% (according to three banks) of the value of the loan or represent more than 100% of the amount of the loan (for the 7 other banks). The generally required collaterals are first of all the physical collaterals (for more than 80% of the banks), sureties (70% of the banks) and finally pledges and irrevocable transfer attestation (65% of the banks).

Next to the collaterals required by the bankers, the criteria to which they attach importance is the profitability of the project or the enterprise (70% of the respondents). This is confirmed by some bankers who hold that it is not the guarantees that repay loans, but cash, in other words the fallouts of the project or their profitability. We then by order of importance, the quality of the manager of the SME (62,5% of the respondents), confidence ties and the level of the capital contributed by the company owners (60% of the respondents).

We notice here that the criteria quality of accounting information received» is far from being the most important criteria (ninth out of about ten criteria) by the bankers when taking their decision to grant loans (40% of the respondents). The rate of rejection of files for doubtful quality or absence of information comes to confirm this logic (6 banks think that this rate is located between 10 and 50%, and the 4 others at more than 50%). We conducted the univariate analysis to verify the influence of the quality of financial information on the decision of banks to grant credit. The results are table 1 below:

Table 1: influence of the quality of accounting information on the decision to grant loans

Variable	*Pearson's correlation Coefficient*	*Sig. (prob)*
PERINFO	*-0.103*	*0.526*
OMC	*0.094*	*0.563*
COMPINF	*-0.103*	*0.529*
EXINFS	*-0.116*	*0.477*
IMPINFO	*-0.171*	*0.291*
QOU	*-0.061*	*0.708*

Dependent Variable: Decision of bank to grant a loan (DOCB)

In table 1, the levels of significance of the different variable characterizing the quality of the financial information are greater than 0.05 and even 0.1. Therefore, these variables are nonsignificant in the explanation of the decision to grant bank loans. The Pearson correlation coefficient between the variables shows a negative and non significant relationship between all variables, with the exception of the variable OMC, that is positively correlated with the decision to grant bank loans but non significant. It follows that hypothesis H_1 according to which the management of accounting information negatively influences the decision to grant bank credit is verified. This result could be explained by the fact that the bankers think that the financial statements are a useful information source for the banking analysis of firms. However, it is of little importance in the decision to grant bank loans given certain characteristics inherent to the very nature of SMEs[5]. The test results of the influence of confidence ties between bank and SMEs on the decision to grant bank credit is presented in table 2:

Table 2: Influence of confidence ties on the decision to grant loans

Variable	*Pearson's correlation Coefficient*	*Sig. (prob)*
DUREL	*0.381***	*0.006*
RECH	*0.308**	*0.037*
PROX	*0.185*	*0.198*

** * significant correlation at the level of 0.01;*
**significant correlation at the level of 0.05*

We found that the significance of the variable DURELS and RECHS are lower than 1% and 5% (significance levels retained) respectively. Therefore, these variables are significant in explaining the decision to grant loans by banks. To test the hypothesis H_{21}, we make use of univariate analysis of the same sample. There is the existence of a positive correlation between all variables but only the first two variables DUREL and RECH are significant. This result corroborates the $H_{2.1}$ hypothesis according to which: The mutual confidence between banker and manager of the SME would have a positive influence on the decision to grant credit. This result confirms the theoretical predictions according to which confidence is very closely linked to the grant of loans. Hypothesis H_{21} is therefore verified. Table 3 presents the influence of collaterals required for the decision to grant bank loans

Table 3 : influence of the collaterals on the decision to grant bank loans

Variable	*Pearson's correlation coefficient*	*Sig. (prob)*
PGGE	*0.448***	*0.001*

** * interrelationship significant at the level of 0.01;*

Only the variable PGGE is used. The results show that the probability of the variable PGGE is lower than 1%; it is therefore significant in the explanation of the decision to grant loans by the banker. The analysis of Pearson's correlation coefficient shows that a positive and significant correlation exists between the collaterals provided by SMEs and the decision of banks to grant loans. Hypothesis $H_{2.2}$ according to which the required collaterals strongly influence the bank's decision to grant loans is therefore not rejected. This result corroborates the tendencies gotten above, on the supremacy of this criterion on the other criteria of eligibility in the banker's final decision. The influence of the manager's profile on the decision to grant bank loans is presented in table 4.

Table 4 : Influence of the profile of the manager of the SME on the decision to grant bank loans

Variable	*Pearson's correlation*	*Sig. (prob)*

[5] Unqualified staff, personnalisation of power, disorderly management observed in certain SMEs

	coefficient	
NAPD	*0.255**	*0.045*
AGED	*0.021*	*0.896*
SEX	*0.18*	*0.915*
NIF	*-0.011*	*0.944*
EXSEC	*0.327**	*0.023*

* *correlation significant at the level of 5%*

Table 4 permits to note that only the variable NAPDS and EXSECS are significant at the 5% level. The other variables (AGE, SEX, NIF) are not significant. Therefore only the variable number of years spent as leader and experience of the leader of the SME in the business sector are meaningful in the explanation of the decision of banks to grant loans. Four variables (NAPD, AGE, SEX, EXSEC) on the five retained are positively correlated with the decision to grant bank loans; However the variable NAPDS, EXSECS are positively correlated and significant. One can therefore say that hypothesis $H_{2.3}$ according to which the profile of the manager of the SME positively influences the decision of banks to grant loans is partially accepted if one takes into account the two variables having a positive and significant correlation. The quality of the leader of the SME has a positive influence on the decision banks to grant loans. Globally we can say that the hypothesis H_2 that stipulated that: the non accounting criteria of appreciation of bank credit risk have a larger influence on the decision to grant bank loans is verified. This result must be taken however with reserves, because the banks leans on a lot of other non accounting criteria (personal contribution of the promoter, the degree of engagement of the SME in relation to its other creditors, the market share of the SME in its sector etc) to make the decision to grant a loan.

In the univariate analysis, only five variables (DUREL, RECH, PGGE, NAPD, EXSEC) on a total of fifteen have a positive and significant correlation with the dependent variable (DOCB). The hypotheses are now tested according to a multivariate analysis. All variables capable of having an influence on the decision to grant bank loans are introduced into the model. The results of the multiple linear regression of the global model show that there exists a positive and significant correlation at the 10%, 1% and 5% levels of significance between the variables DURELS, PGGE and EXSEC and the dependent variable; which is in conformity with the previous analysis. The absence of correlation between the variable OMC and the variable DOCB also confirms the previous tests. The hypotheses H_1 and H_2 are therefore accepted.

These results are in line with those of some earlier studies on the determinants of loan supply (Essomba Ambassa, 2004), especially as far as the importance of physical collaterals when taking the decision to grant a loan is concerned. The works of Wamba and Tchamanbe-Djine (2002) rather show that it is the personal contribution of the promoter of the SME that is the most discriminating criteria in the decision to grant a loan by the banker. As far as the quality of the model is concerned, the taking into account of variables characterizing the quality of financial information, confidence ties, the collaterals and the manager's profile, permits us to explain up to 40.2% of the decision to grant loans. But, this value of R^2 however remains very weak. It would be therefore interesting to introduce into the model other important variables like the profitability of the project, the personal contribution of the credit applicant or the level of the borrower's capital stocks.

5. CONCLUSION AND RECOMMENDATIONS

The main objective of this study was to investigate the impact of the management of accounting information on the decision to grant loans by commercial banks to Cameroonian SMEs. To achieve this objective, we first did a theoretical review of the literature on the topic followed by an empirical analysis. On the basis of the information collected and through the application of univariate and multivariate analyses, the hypotheses formulated were tested. The results show that on the theoretical plan, accounting information management has many forms: creative accounting, earnings management, income smoothing, big bath accounting and window dressing. The accounting information management should be seen as a set of techniques of presentation of the yearly accounts of enterprises that enables them to give to each stakeholder a picture that satisfies his expectations. This good image of the financial picture of the enterprise is obtained by exploiting some lapses present in the accounting regulation. The empirical study therefore intended to bring out the effect of accounting information and other non accounting criteria on the behavior of commercial banks as suppliers of loans to SMEs. Several results were obtained after the statistical tests. The accounting criteria of appreciation of the loan request files even though are non negligible in the eyes of the bankers deserve to be complemented with other elements of appreciation of non accounting origin. It follows that even though the SMEs must improve their image while improving the quality of financial information useful to the understanding of their working, the detention of physical assets belonging to the firm by the banker remains an essential condition in order to obtain a loan. Given the economic importance of SMEs in the Cameroonian economic context; the results are of interest to the main actors.

The bankers must restructure their methods of analysis of SMEs in order to encourage their access to credit. The managers of SMEs must have in mind that the external financing of banking origin constitutes for them a « natural » method of financing but requires rigorous qualitative qualities. An effort should therefore be made to develop a culture of enterprise leading to the production of information useful to the third party. SMEs can attain this objective by joining the accredited centers which support to the production of the synthesized financial statements in the strict respect of accounting principles has been proven. Also, the public authorities through the Ministry in charge of SMEs could encourage the creation of an informational agency in order to accompany SMEs. These suggestions if implemented would encourage in the Cameroonian context bank intermediation in favor of this category of enterprises (SMEs).

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