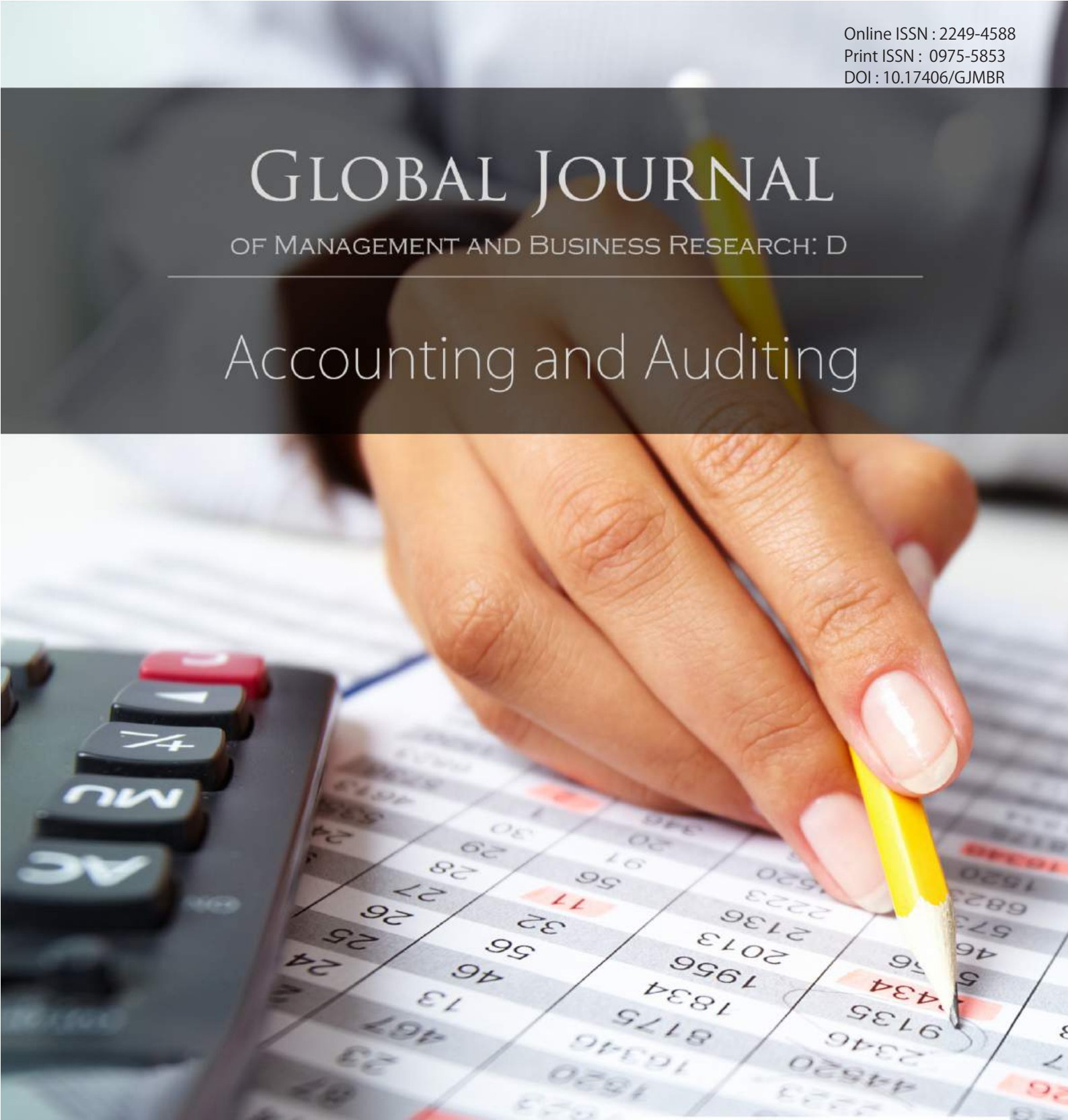
Online ISSN : 2249-4588
Print ISSN : 0975-5853
DOI : 10.17406/GJMBR

Global Journal

of Management and Business Research: D

Accounting and Auditing



Financial Reporting Practices in Public

Accounting for Environmental Impacts

Highlights

Determinants of Audit Firm Performance

Disclosure of the Hidden Relationship

Discovering Thoughts, Inventing Future

VOLUME 19 ISSUE 2 VERSION 1.0

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Volume 19 Issue 14 was originally issued as D2



Global Journal of Management and Business Research: D
Accounting and Auditing

Volume 19 Issue 14
Originally issued as D2

Global Journal of Management and Business Research: D
Accounting and Auditing

Volume 19 Issue 2 (Ver. 1.0)

Open Association of Research Society

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Framingham Massachusetts Pin: 01701,
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USA Toll Free: +001-888-839-7392
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Offset Typesetting

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Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 19 Issue 2 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Financial Reporting Practices in Public Universities of Bangladesh

By Dr. Shakhawat Hossain Sarkar
Jatiya Kabi Kazi Nazrul Islam University

Abstract- The objective of recording and reporting of financial transactions in government and non-profit organization is to make sure good governance through ensuring transparency, accountability, reliability, and fairness on dealing of public money. By using primary sources of data, this study strives to appraise the practices of recording and reporting of financial transactions of public universities in Bangladesh. To ascertain the financial reporting compliance practices dichotomous procedure used. Statistical results report that most of the public universities under the study follow cash basis of accounting, prepared receipts and payments accounts, and bank reconciliation statement. All of the universities maintain payment voucher, the majority of the universities doesn't value and record fixed assets and, half of them don't prepare debt receipts and payments account. Financial Reporting Compliance Index (FRCI) of public universities under the study is satisfactory (78.10) but not outstanding.

Keywords: financial reporting, financial reporting compliance index (FRCI), public universities, bangladesh.

GJMBR-D Classification: JEL Code: M40



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Financial Reporting Practices in Public Universities of Bangladesh

Dr. Shakhawat Hossain Sarkar

Abstract- The objective of recording and reporting of financial transactions in government and non-profit organization is to make sure good governance through ensuring transparency, accountability, reliability, and fairness on dealing of public money. By using primary sources of data, this study strives to appraise the practices of recording and reporting of financial transactions of public universities in Bangladesh. To ascertain the financial reporting compliance practices dichotomous procedure used. Statistical results report that most of the public universities under the study follow cash basis of accounting, prepared receipts and payments accounts, and bank reconciliation statement. All of the universities maintain payment voucher, the majority of the universities doesn't value and record fixed assets and, half of them don't prepare debt receipts and payments account. Financial Reporting Compliance Index (FRCI) of public universities under the study is satisfactory (78.10) but not outstanding. Statistical results testimony that there is a significant relationship between universities' size and FRCI, and financial activities of universities and FRCI but there is no significant relationship between university category and FRCI. The regression model can explain 61.8 percent of total variation by R^2 and 50.3 percent of total variation by $AdjR^2$. To ensure good governance in the public sector government should take the initiative to establish an accounting standard-setting organization for public bodies like Institute of Chartered Accountants of Bangladesh. It is needed to introduce accrual basis of accounting in the public sector to ascertain the financial performance and determine the financial position of the public bodies like Sri Lanka, Australia, New Zealand, and the United Kingdom.

Keywords: financial reporting, financial reporting compliance index (FRCI), public universities, bangladesh.

I. Introduction

Governmental accounting is the system of official financial reporting of governmental and non-profit organizations. The main objective of public sector accounting is to protect the money as a trustee and ensure transparency and accountability. Public and government universities run with the budget provided by the government and a little share of internal sources collected through tuition, fees, etc. from the students. To ensure the proper utilization of the budget apposite and latest accounting methods need to introduce for transparency, accountability, and good governance. The above circumstances insist to discover the existing accounting systems used in the government organization especially in public universities of Bangladesh. The study is an attempt to achieve the goal.

a) Literature Review

Accounting and reporting is a part of financial control in the public sector. A budget as a control mechanism has some role compared to the private (Chowdhury, 2012). Government accounting and financial reporting aim to protect and manage public money and discharge accountability (Chan, 2003). Supporters of the shift to accrual accounting argue that a range of significant benefits is available to governments which move from the cash to the accrual basis of accounting (Wynne, 2008). The standard setters and accounting professionals firmly believe that well presented financial reports act as a 'sine-qua-non' to the proper functioning of a developing economy like Bangladesh (Chowdhury, 2012). Developments in governmental activities in recent years have raised concerns over whether the cash basis of accounting is sufficient for accounting and reporting (Rayegan, Parveizi, Nazari, & Emami, 2012). Accrual accounting practices in the private sector and cash accounting practices in the public sector are unconsciously institutionalized. However, in the recent past the Association of Public Finance Accountants of Sri Lanka, which became the public sector wing of the Institute of Chartered Accountants of Sri Lanka in 2012, has initiated accrual accounting practices to the public sector in the country (Nagendrakumar, Fonseka, & Dissanayake, 2015). Almost all the public enterprises prepare their financial statements based on the information determined by them which conform to the accrual basis and double entry system of accounting (Hossain, 2012). The Office of the Comptroller and Auditor General (CAG) of Bangladesh has been working since independence to make the government more transparent and accountable in utilizing public resources. The powers and mandate of the CAG lie in the Constitution of the Peoples Republic of Bangladesh (Hakeem, 2012). Actual expenditure has exceeded the revised budget of public universities. Lack of disclosure on excess over budgeted expenditure and nonuse of budget manual is a clear indication of poor governance (Sarkar, Hossain, & Rahman, 2014). The purpose of prudent public sector financial management is to

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manage the public financial resources with the economy, efficiency, and effectiveness (Hakeem, 2012). From the above-reviewed literature it is found that some research works have conducted in the field of public accounting reforms, public sector accounting and governance, allocation and utilization of budget in public universities, etc. There is a scope of research in the area of recording and reporting of financial transactions at public universities in Bangladesh. That's why the present study attempts to fill in this gap.

b) Justification

Government as a whole as well as its different ministries, departments, and corporations have involvement with financial activities. The main source of the finance is tax and non-tax revenue collected from the citizen of the country. So it is an issue to ensure the proper and appropriate use of the fund.

The study has both theoretical and practical values, and it is important for several reasons. First, the research shall rich the existing stock of knowledge in the field of government accounting. Second, the findings of the study would help the policy planners to take suitable policy measures to get benefits from practicing appropriate accounting to ensure accountability, transparency, and reliability of the financial reporting of the public universities.

c) Objectives

i. To examine the existing accounting systems of public universities in Bangladesh;
ii. To focus on the ways of upgrading the accounting and financial reporting of public universities in Bangladesh.

d) Methodology

This section presents the source and collection of data, information items included in the FRCI, Scoring in the FRCI and analysis of data, dependent variables, explanatory variables and hypotheses, multiple regression models.

i. *Source and Collection of Data*

The research was empirical research based on both primary and secondary sources of data. The population for the study was considered top and mid-level officials of public universities engaged with the maintenance of accounts and preparation of financial reports. There were 37 public universities in Bangladesh, where four universities' (BSMRMU, BOU, NU, and IAU) nature of activities are dissimilar with all others. To generalize, the researcher has excluded four universities from the study. The population includes one relevant official from each university. So the population size for the study was 33. According to Krejci & Morgan table (1970 cited in KENPRO) for determination of sample size of finite population, the study required a sample size 30 (32 if population size is 35). To collect data from primary source, 30 questionnaires were distributed among the targeted officials of 30 public universities. Out of them, 14 respondents were returned the questionnaire with their valuable opinions. So the sample size of the study is 14. Some secondary sources of data were also collected through the review of related literature.

ii. *Information Items Included in the Financial Reporting Compliance Index (FRCI)*

The major task of the present research is to develop a suitable compliance index comprising items of financial accounting information that are expected to include for accounting and preparation of financial reports. To find out financial reporting practices scenario, 15 items selected through reviewing related literature (Appendix-1).

iii. *Scoring in the FRCI and Analysis of Data*

To compute financial reporting compliance score (FRCS), the researcher followed a dichotomous procedure and awarded each of the compliance information items with a score of '1'. However, it would be applicable if the university appeared to comply with the item, otherwise it would be '0'. The total score of each university obtained through accumulating the score of all compliance information items of the university as follows:

$$FRCS = \sum_{i=1}^{n} di$$

Where,

d= 1 if the item d_i is complied

d= 0 if the item d_i is not complied

n= number of items

FRCI computed by using the following formula:

$$FRCI = \frac{\text{FRCS of Individual University}}{\text{Maximum Possible Score Obtainable}} \times 100$$

For effective and easily understandable results, the researcher has used descriptive statistics like frequency, percentile, mean, SD and inferential statistics like multiple linear regressions. He has analyzed data through SPSS (Statistical Packages for Social Science) version 20.

iv. *Dependent Variables, Explanatory Variables, and Hypotheses*

FRCI, as a dependent variable, has been developed for each of the universities studied. Three corporate attributes, considered as independent variables, are the size (proxied by the seat at undergrad program), financial activities (proxied by revenue budget size), and university category. The following three hypotheses were developed to test the results.

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H01: There is no relationship between FRCI and university size.

H11: There is a relationship between FRCI and university size.

H02: There is no relationship between FRCI and financial activities of the university.

H12: There is a relationship between FRCI and financial activities of the university.

H03: There is no relationship between FRCI and university category.

H13: There is a relationship between FRCI and university category.

v. *Multiple Regression Models*

Multiple linear regression models used. The model is-

$$FRCI = \alpha + \beta_1 UNVSIZ + \beta_2 UNVFINACT + \beta_3 UNVCAT + \varepsilon$$

Where,

FRCI= financial reporting compliance index

α= the constant

ε= the error term

Table 1: List of independent variables, their labels and expected signs and relationships in the regression

Variable Labels	Variables	Expected sign and relationship
UNVSIZ	University Size	UNVSIZ has a negative relationship with the levels of financial reporting compliance.
UNVFINACT	University Financial Activity	UNVFINACT has a positive relationship with the levels of financial reporting compliance.
UNVCAT	University Category	UNVCAT has a positive relationship with the levels of financial reporting compliance.

II. Results and Discussion

In this section, data was analyzed and discussed the results. The section divided into two parts. In the first part, existing accounting systems of the sample universities presented. In the second part, a regression model was developed for the study problem.

a) Existing Accounting Systems in Universities

Here it is emphasized on the analysis and interpretation of a different aspect of accounting and financial reporting of public universities in Bangladesh.

i. *Basis of Accounting*

Table-2 testimony that most of the public universities (71.4 percent) under the study are followed cash basis of accounting whereas a minor portion (28.6 percent) of public universities is followed modified accrual basis of accounting to record accounting transactions. According to the World Bank (2007), Bangladesh does not comply with the International Public Sector Accounting Standards (IPSAS) cash basis. Pure government departments use cash basis accounting but, state-owned enterprises use accrual accounting like the private sector (Chowdhury, 2012).

Table 2: Basis of Accounting

Categories	Frequency	Percent
Cash Basis	10	71.4
Modified Accrual Basis	4	28.6

Source: Analysis of Primary Data.

ii. *Voucher Maintained*

Table-3 indicates that all of the public universities (100 percent) under the study are prepared expenditure voucher, 71.4 percent prepared income voucher and, 85.7 percent of them are adjustment voucher to record accounting transactions.

Table 3: Voucher Maintained

Categories	Frequency	Percent
Income Voucher	10	71.4
Expenditure Voucher	14	100.0
Adjustment Voucher	12	85.7

Source: Analysis of Primary Data.

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iii. *Books of Account Maintained*

Table-4 indicates that all of the public universities (100 percent) under the study prepared to cash book, ledger, cheque issue register, income tax register for contractors, and advanced register whereas, 92.9 percent of them prepared budget register, and only 71.4 percent of them are prepared income tax register for employees.

Table 4: Prepared Books of Account

Categories	Frequency	Per cent
Cash Book	14	100.00
Ledger	14	100.00
Cheque Issue Register	14	100.00
Income Tax Register for Contractor	14	100.00
Budget Register	13	92.9
Advance Register	14	100.00
Income Tax Register for Employees	10	71.4

Source: Analysis of Primary Data.

iv. *Financial Statements*

Table-5 demonstrates that most of the public universities (92.9 percent) under the study prepared receipts and payments account, and bank reconciliation statement. According to the World Bank (2007), statement of cash receipts and payments is presented in the formats inconsistent with the IPSAS. Income and expenditure account prepared only half (50 percent) of the universities under the study. The balance sheet do not prepare by any university. Wilson, Reck, and Kattelus (2010) suggested that public colleges and universities required to the prepare statement of net assets, the revenues, expenses, and change in net assets, and the statement of cash flows.

Table 5: Financial Statements

Categories	Frequency	Per cent
Receipts and Payment Account	13	92.9
Income and Expenditure Account	7	50.0
Bank Reconciliation Statement	13	92.9
Balance Sheet	0	00

Source: Analysis of Primary Data.

v. *Software used to Maintain Accounts*

Table-6 reveals that all of the agricultural universities (100 percent), most of the general universities (75 percent), and the majority of engineering (67 percent), and science and technology (60 percent) universities under the study are used software to maintain accounts. In the era of globalization and technological development, it is annoying.

Table 6: The distribution of Software used to maintain Accounts

Category of University	Software is used to Maintain Accounts		Total
	Yes	No	
General	3.0 (75%)	1.0 (25%)	4.0 (100%)
Engineering	2.0 (67%)	1.0 (33%)	3.0 (100%)
Science and Technology	3.0 (60%)	2.0 (40%)	5.0 (100%)
Agricultural	2.0 (100%)	0 (0%)	2.0 (100%)
Total	10.0 (71%)	4.0 (29%)	14.0(100%)

Source: Analysis of Primary Data.

vi. *Valuation of Fixed Assets*

Table-7 demonstrates that most of the engineering (67 percent), and science and technology (60 percent) universities under the study are valued fixed assets, only one-fourth of general universities are maintained the same. No agricultural universities maintain the value of fixed assets. Governmental Accounting Standards Board Statement (GASBS) 34 suggested to depreciating other than inexhaustible or infrastructure assets. So valuation and recording fixed assets is must fulfill the requirement of GASBS 34.

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Table 7: The distribution of Value of Fixed Assets

Category of University	Value of Fixed Assets is Recorded		Total
	Yes	No	
General	1.0 (25%)	3.0 (75%)	4.0 (100%)
Engineering	2.0 (67%)	1.0 (33%)	3.0 (100%)
Science and Technology	3.0 (60%)	2.0 (40%)	5.0 (100%)
Agricultural	0 (0%)	2.0 (100%)	2.0 (100%)
Total	6.0 (43%)	8.0 (57%)	14.0(100%)

Source: Analysis of Primary Data.

vii. *Debt Receipts and Payments Account*

Table-8 express that most of the engineering (67 percent), and science and technology (60 percent) universities under the study are prepared debt receipts and payments account, only one-fourth of general universities are maintained the same. Half of the agricultural universities are maintained debt receipts and payments account. According to Wilson et al. (2010, p. 668), the loan activities should be operated on a self-sustaining basis. The repayment of loans and the interest received on loan are deposited and are available for lending to other eligible persons. To achieve the above objective, every university should maintain debt receipts, and payments account separately.

Table 8: The distribution of Debt Receipts and Payments Account

Category of University	Debt Receipts and Payments Account is Maintained		Total
	Yes	No	
General	1.0 (25%)	3.0 (75%)	4.0 (100%)
Engineering	2.0 (67%)	1.0 (33%)	3.0 (100%)
Science and Technology	3.0 (60%)	2.0 (40%)	5.0 (100%)
Agricultural	1.0 (50%)	1.0 (50%)	2.0 (100%)
Total	7.0 (50%)	7.0 (50%)	14.0 (100%)

Source: Analysis of Primary Data.

viii. *Descriptive Statistics of FRCI*

Evident from table-9, mean FRCI is 78.10 which is a satisfactory index, but there is a high deviation of FRCI among the universities as high standard deviation (7.13) and a large volume of range (20). The variation implies that the mean is not able to represent the overall scenario due to the high standard deviation of FRCI among the universities. Statistical results indicate that though mean index is satisfactory, but it's not the scenario for some universities under the study. Some universities are not up to the mark regarding practices of financial reporting.

Table 9: Descriptive Statistics of FRCI

Mean	78.10
Maximum	86.67
Minimum	66.67
Range	20.00
Standard Deviation	7.13
Standard Error of Mean	1.91

Source: Analysis of Primary Data.

b) Results of Regression Model

In table-13 the estimated value for University category is .955, and its t-value is .726 with p-value is 0.485, the universities size is -0.007 and its t-value is -2.243 with p-value is 0.049, and the universities financial activities is .267 and its t-value is 2.890 with p-value is 0.016. Although universities' size and activities are significant at 5 percent levels of significance, the university category is insignificant at the same significant level. The variance inflation factor (VIF) values for all three independent variables are less than five which indicate that the data is free from multi-collinearity. Upon review of the correlation matrix (table-13), the highest value is 0.276 which is much lower than 0.7±.1. The result of correlation matrix testimony that there is no variable with a higher correlation in the data set. The Durban Watson test statistics value (table-11) is 2.326 which are in a normal range of 1.5 to 2.5 (Field, 2009). So the statistical result suggested that there is no autocorrelation. The histogram indicates that the data set are normally distributed. The R^2 value for this model is 0.618, and AdjR^2 value is 0.503 (table-11). Therefore, the predictor variables can explain about 61.8 percent of the total variation by R^2 and about 50.3 percent of the total variation by AdjR^2.

$$FRCI = 71.990 - 0.007UNVSIZ + 0.267FINACT + 0.955UNVCAT$$

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Table 10: Regression Coefficients

Model	Regression Coefficients	t	P value	Collinearity Statistics	
	B			Tolerance	VIF
(Constant)	71.990	12.933	.000		
Size	-.007	-2.243	.049	.918	1.089
Financial Activities	.267	2.890	.016	.965	1.037
Category	.955	.726	.485	.892	1.122

a. *Dependent Variable: FRCI*
Source: Primary data collected through a semi-structured questionnaire

Table 11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.786(a)	.618	.503	5.02562	2.326

a. *Predictors: (Constant), Total Budget in Million Taka, Seat at Undergrad, Category of University*
b. *Dependent Variable: FRCI*

Table 12: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	408.181	3	136.060	5.387	.018[b]
	Residual	252.568	10	25.257		
	Total	660.749	13			

a. *Dependent Variable: FRCI*
b. *Predictors: (Constant), Category of University, Total Budget in Million Taka, Seat in Undergrad*

Table 13: Correlations

		FRCI	Seat in Undergrad	Total Budget in Million Taka	Category of University
Pearson Correlation	FRCI	1.000	-.485	.590	.376
	Seat in Undergrad	-.485	1.000	.025	-.276
	Total Budget in Million Taka	.590	.025	1.000	.172
	Category of University	.376	-.276	.172	1.000
Sig. (1-tailed)	FRCI	.	.039	.013	.093
	Seat in Undergrad	.039	.	.466	.170
	Total Budget in Million Taka	.013	.466	.	.278
	Category of University	.093	.170	.278	.
N	FRCI	14	14	14	14
	Seat in Undergrad	14	14	14	14
	Total Budget in Million Taka	14	14	14	14
	Category of University	14	14	14	14

III. Conclusion

The objective of public sector accounting is to ensure proper utilization of resources for earmarked purposes as well as maintain transparency, accountability, reliability, and fairness. Bangladesh is at the developing stage of increasing transparency of accounting information in the government sector. The objective of the study is to find out the practices of accounting recording and reporting of public universities in Bangladesh. A dichotomous procedure was used to measure the compliance index of recording and reporting of financial transactions. Both descriptive and inferential statistical analysis made through SPSS. Half of the universities under the study is not prepared income and expenditure account though GASB guidelines suggested preparing the statement of revenue, expenditure and changes in net assets. A mentionable part of the universities under the study is not valued fixed assets and maintain the record of fixed assets though GASB 34 suggested maintaining the record of fixed assets. On the other hand, the same

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scenario in the case of debt receipts and payments account. FRCI (78.10) is satisfactory but not outstanding in public universities of Bangladesh. There is a deviation of FRCI among the universities under the study. Regression result discovered that the predictor variables could explain about 61.8 percent of total variation by R^2 and about 50.3 percent of total variation by $AdjR^2$. The above results lead to the conclusion that there is a significant relationship between universities' size and FRCI, and between financial activities of universities and FRCI but there is no significant relationship between university category and FRCI. Thus, the hypothesis H1 and H2 rejected, and H3 accepted at 5 percent level of significance. Considering related and relevant literature, and analyses and discussions, finally it is suggested to prepare books of account and financial reporting of public universities based on international standards.

Acknowledgment

The article is the modified copy of the research project report funded by the University Grants Commission of Bangladesh.

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Appendix-1

List of book keeping and financial reporting compliance information

No.	Information Items
1.	Followed cash basis of accounting
2.	Prepared voucher after approval of file for receipt, payment or adjustment
3.	Maintained cash book
4.	Maintained ledger
5.	Maintained cheque issue register
6.	Maintained income tax register for contractor
7.	Maintained budget register
8.	Maintained advance register
9.	Maintained income tax register for employees
10.	Prepared receipts and payments account
11.	Prepared income and expenditure account
12.	Prepared bank reconciliation statement
13.	Prepared balance sheet
14.	Value of fixed assets is recorded
15.	Debt receipts and payments account is prepared

Source: Review of related literature

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Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 19 Issue 2 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Disclosure of the Hidden Relationship between Monetary and In-Kind Donations and Tax Incentives in the Financial Statements: A Theoretical Study to Enrich the thought of Corporate Social Responsibility Accounting

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GECOL

Abstract- The relationship between corporate monetary and In-kind donations and tax incentives is not apparent" hidden" and can only be deduced through the hypothetical comparison. This relationship may be a justification for the lack of scientific contributions on this relationship, as well as accounting standards that govern how to disclose that relationship in the reports and financial statements. This relationship also justifies the corporations' insistence on using the same usual method of disclosing such donations. The careful analysis of the relationship- based on the hypothetical comparison, between endowments "grants" and tax incentives, will confirm the existence of the following two facts: (1) There is a mandatory partnership between corporations and government.

Keywords: corporate philanthropy "corporate social responsibility." taxation. accounting disclosure.

GJMBR-D Classification: JEL Code: M49



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Keywords: corporate philanthropy "corporate social responsibility." taxation. accounting disclosure.

I. Introduction

People have been and continue to help each other since human life began on this earth, and since human societies have emerged and have taken their place in existence. Religious faith throughout the ages and the succession of times and generations has had the obvious impact on the urging and motivating people to help each other" the rich people help the poor ,and the strong people support the weak." As a result of" the development of life, the emergence of modern countries with their modern institutions, terrible population explosions, the multiplicity of social and economic problems, the emergence of market competition" competitive market" among corporations, with new requirements previously unknown, the emergence of roles and strong influences for stakeholders, that are not known in the past, the emergence of non-profit organizations and charities, the emergence of laws that did not exist in the past, and governments are unable to meet the needs of their people in a satisfactory manner for their peoples," the donations of corporations and businessmen have become one of the tools used to solve many problems within those communities, and they have become one of the tools to gain the satisfaction and loyalty of the stakeholders for gaining competitive advantage- and that is why corporations and businessmen are interested in disclosing these donations in all media. Given the importance of donations and their effective role in social and economic development within societies, governments in most countries of the world developed a set of laws to regulate donation activities, which also include tax incentives to encourage donors to pay attention to charitable activities. However, this development was not accompanied by a similar development in the process of accounting disclosure of those contributions, especially about the hidden *(invisible/can be deduced)* relationship between donations and tax incentives.

a) *Official "binding" disclosure and unofficial "non-binding" disclosure*

The official disclosure is the accounting disclosure in the financial statements and reports. It is usually regulated by a set of criteria that must be

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followed, and it is binding. Informal "unofficial disclosure is publicity and advertisement in the known means of advertising. It is not binding and is not regulated by certain criteria.

People often hear and read through the familiar media such as "television, radio, social networks, newspapers, magazines and advertising posters" about donations of corporations and businessmen, without the awareness of most people that, these propaganda campaigns are a kind of disclosure of the social performance of those corporations and businessmen" It is said that Mark has donated $ 1 million to build a school in New York State." Often, those advertisements and disclosures are deceptive" misleading" because they ignore the real sacrifice incurred by corporations and businessmen (the value of donations - the value of tax savings), and the mandatory partnership of government in these charitable activities(where these contributions" donations" contribute to reducing the value of the tax invoice payable and thus reducing the government revenues from taxes). In the presence of tax incentives, according to the researcher's belief, the disclosure of these donations, while ignoring the tax savings and real sacrifice, is considered to be contrary to the principle of transparency and adequate presentation of data and financial information. The non-disclosure of tax savings and real sacrifice is what can be called misleading or incomplete disclosure. The correct advertising" disclosure" is," It is said that Mark has donated $ 1 million (without deducting tax incentive value gained in favor of the donor) to build a school in New York State." Advertising in an honest manner has never happened in practical life. And will not be expected to happen in the future.

Disclosure of social performance is the means by which evaluators can evaluate the extent to which corporations are committed to their social responsibility towards all stakeholders. The corporate social cost is one of the most important elements of the evaluation process and as one of its requirements, which depends on it to a large extent in the process of extracting findings. Donations as a class of those costs must be subject to a comprehensive disclosure process, because that donations may hide behind it many unwanted behaviors. The researcher believes that the process of disclosing donations should include the real sacrifice incurred by the donors when there are tax incentives. Always corporations - to gain loyalty and satisfaction of stakeholders, disclose the values paid as donations without addressing" without referring to" the real values of those contributions to amplify the numbers to fool people. Amplifying the numbers to deceive people is contrary to the principle of transparency in the presentation of data and financial information.

Users of financial statements and social performance evaluators may be fooled by published and untreated figures on corporate donations in reports and financial statements. Whereas the presentation of financial data on donations without addressing tax savings- resulting from such expenditures, will show exaggerated figures and then the results will be misleading. And if these tax savings were excluded" deducted " from those expenditures, the value of those expenditures will appear less than what was paid; this may be undesirable for corporations that are looking for anything that strengthens their position in the society in which they operate. As corporations want to improve their image within their communities through the total figures of those expenditures without treatment or reduction. Amplifying the numbers may be inconsistent with the principle of transparency in the presentation of data and information. Thus, this requirement may be problematic for corporations when disclosing their social performance. This study will discuss this issue and show how to address this problem in theory, in line with the comprehensive "*full*" disclosure concept of the social performance of corporations.

II. Literature Review

a) *The Corporate Social Responsibility (CSR)*

The idea of CSR is nothing new. The new is the evolution that has occurred in the content of its thought over time. Social Responsibility of corporations - which means the need to conduct business in a socially responsible manner, evolved from an era of philanthropic initiatives to an epoch of strategies and policies that meet the demands and ambitions of the communities in which they operate. CSR was no more than charitable actions "initiatives" by employers to help workers and the poor. And with the emergence of trade unions and social pressures, corporations began to pay attention to improving working conditions. With the advent of competition among corporations and consumer protection organizations, corporations have been and continue to pay great attention to consumer protection. And with the growing phenomenon of environmental pollution which is caused by industrial processes, and the emergence of environmental protection organizations, As well, political and social pressures, corporations have begun to pay more attention to ecological protection. Last but not least, and with the emergence of sustainable development ideas, corporations have become aware of the importance of achieving their objectives by adhering to the requirements of sustainable development, which takes into account the rights of living of present and future generations on Planet Earth.

The charity provided by employers to the poor and their employees in the past centuries has had a clear impact on the emergence and development of CSR thought. Among the general public, there is still confusion between the concept of Philanthropic

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responsibility and CSR; the first is considered one of the components of the second; it contributed to its development. Development does not only include the concept of CSR but also encompassed the connotation of philanthropy - as one of its components, to transform from a mere practice into an effective strategy.

From charity to strategic philanthropy: This notion contends that organizations should find social needs that align with their particular expertise (or core competencies). For example, it would seem to make little sense for a computer manufacturer to spend funds on building homeless shelters. This view is not to suggest that the computer manufacturer should not engage in philanthropy, but rather that" better than that" when it does so, it should engage in an activity or issue closer to its area of expertise. Companies that focus on the causes in their area of expertise will almost certainly be more efficient at addressing social needs (Wyk, 2011: 65).

There are many definitions of CSR with similar meanings. In this study, the researcher has developed a definition that includes almost all those meanings. *The researcher defines CSR* in its general sense as follows: Corporate Social Responsibility (CSR) means exercising economic activities with legal guidance and ethical behavior by corporations when achieving their desired goals that ensure the growth and continuity for them. Taking into account compliance with the following requirements: Contributing to the continuation of life and improving its quality, and achieving prosperity on the planet Earth for present and future generations; not to inflict material and moral damage on others, and fruitful interaction with them to achieve common interests, and taking into account that they are an important and irreplaceable part to ensure the process of their continuation and achievement of their objectives; Commitment to everything that makes life organized in the environment in which they work.

b) Corporate Philanthropic Responsibilities

If a company can meet all of its other responsibilities (Economic, Legal and Ethical), it can begin to face philanthropic responsibilities. Philanthropic responsibilities are responsibilities that go above and beyond what is normally required or what the company believes is right. They involve making an effort to benefit society-for example, by donating services to community organizations, engaging in projects to aid the environment or voluntary financial contributions to charitable causes (Scilly, n.d).

The philanthropic responsibilities are the voluntary responsibilities of the enterprise. They reflect the current expectations of the public towards the enterprise(Grigore, 2010: 170). Corporate philanthropy includes all forms of business giving. Corporate philanthropy embraces business's voluntary or discretionary activities. Philanthropy or business giving may not be a responsibility in a literal sense, but it is normally expected by businesses today and is a part of the everyday expectations of the public. Certainly, the quantity and nature of these activities are voluntary or discretionary. They are guided by a business's desire to participate in social activities that are not mandated, not required by law, and not generally expected of business in an ethical sense. Having said that, some businesses do give partially out of an ethical motivation. That is, they want to do what is right for society. The public does have a sense that businesses will "give back," and this constitutes the "expectation" aspect of the responsibility. When one examines the social contract between business and society today, it typically is found that the citizenry expects businesses to be good corporate citizens just as individuals are. To fulfill its perceived philanthropic responsibilities, companies engage in a variety of giving forms – gifts of monetary resources, product and service donations, volunteerism by employees and management, community development and any other discretionary contribution to the community or stakeholder groups that make up the community (Carroll, 2016: 4).

The researcher defines Philanthropic responsibility as a component of CSR as follows: it is a set of the initiatives that includes philanthropic "material and non-material donations" that contribute to improving the quality of life within the communities in which they operate, which is voluntarily provided by corporations without any legal coercion. This result in response to the aspirations of contemporary societies and their urgent desires to develop the role of corporations to be the ideal partner who will bear part of their worries and problems due to the inability of governments - in most countries of the world, to meet all the needs of their contemporary societies and achieve all their aspirations.

c) Corporate Philanthropy/Corporate Giving/Corporate Donation

Philanthropy is a term connected with the American tradition of charitable giving. At first, it was associated with a person- philanthropist, but today the term corporate philanthropy is more developed, meaning the business sector's voluntary giving (Mihaljević and Tokić, 2015: 804). Philanthropy stems from the Greek word which means love of humanity. Popular interpretations today refer to private initiatives for the public good (J. W. Gardner) or initiatives directed at the improvement in the quality of human life (Robert Bremner). Colloquially, philanthropy is the most commonly used interchangeably with charitable giving. – WINGS(John et al., 2017: 136). Corporate philanthropy is the act of corporations donating a portion of their profits or resources to various non-profit organizations (Madrakhimova, 2013:125). This definition may be consistent with the laws in some countries that require

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the payment of donations to non-profit organizations to prevent fraud and deception. This definition is limited, it excludes direct donations to poor people, completion of some public projects such as building schools and hospitals, etc. as well as non-material help for the public good" volunteer work," unless the laws of the State so require, where the public interest so requires. Here, nonprofits will play the role of mediator. Another definition is the use of discretionary financial and human resources for primarily public benefit while recognizing that the impact might also accrue for the company's shareholders and employees (John et al. , 2017: 133). *The researcher defines corporate philanthropy\giving\a donation as follows:* It is all material donations" money, assets and goods" and non-material "services," which are provided to non-profit organizations or the poor and the needy or for the public good to improve the quality of life in the community. These donations may result in the achievement benefits for corporations such as exemptions and tax incentives, in addition to enhancing the competitive advantage. There is increasing interest by corporations in their philanthropic responsibility, especially in developed countries, where many studies have shown that corporate giving has been on the rise in recent years. For example, a study on corporate donations in the United States in 2005 has shown that 62 biggest companies in the U.S. gave $8.4 billion last year, an increase of 14% from 2004. Also, 87% of the companies surveyed indicated that they have an employee volunteer program, with 44% of them offering paid time off to employees who volunteer (Man, 2006:1; Perry, 2006). The global survey of CSR spending over the period 2011 – 2013 by Dattani et al. (2015) revealed that the top 10 most generous companies worldwide gave US$ 17.7 trillion towards CSR spending annually. An estimated 28 percent of this sum (nearly US$5 trillion) was in the form of grants rather than in-kind donations or volunteering (John et al. , 2017: 18).

What Might be Hidden behind the Corporate Monetary and in-Kind Donations?

Donations may be a stone for more than a bird "*more than a purpose.*" They may hide behind them many unwanted behaviors in addition to legitimate purposes. The purpose of the donation depends on the intentions of the donor. In general, donations can be a tool to achieve the following purposes:

i. *Embezzlement* "*Collusive Embezzlement*"

Donations may use as a means of embezzlement through the collusion "*conspiracy*" of both the management of the corporation and the recipient of the donations" a charity\charitable organization." This immoral behavior occurs as a result of the following factors: (1) Separation of ownership from management; (2) A malicious administration manages the affairs of the corporation; (3) Weak internal and external control systems ; (4) Excessive trust given to management.

ii. *Tax Evasion*

Through subsidies received for false declarations of charitable donations. Taxpayers in many developed countries can deduct grants to charities from their income tax and reduce their tax liabilities by reporting higher cash or gift donations (e.g., clothes, cars) to charities than they have actually made, and thus evade income tax(Nell,n.d.:7). The contributions of the corporations may be one of the tools of economic crimes such as tax evasion and smuggling of money, etc. In Russia, the law was far imperfect, as stated by many educated people in the issues of taxation. In the early 2000s, the government began to deal with this state of affairs as a result of the abolition of many benefits for donors. Before a period of directing up to 5% of their income to charity, this legislation establishes that donation by firms and organizations can only occur at the expense of net profit. The Ministry of Finance has decided that companies providing charitable activities through the provision of free services or delivery of goods are exempted from VAT, but payments to the state treasury are not reduced. To avoid the transfer of funds through bogus charities against government charity, double taxation was introduced. According to the Tax Code of the Russian Federation, donation recipients have to pay income tax, but people can avoid it if they obtain a grant in the field of education, science, culture and art (Madrakhimova, 2013: 128). On 5 December 2015, Al-Sharq Al-Awsat published an article entitled" Donations by America's billionaires: Are they donations or tax avoidance?". This article discussed the suspicions surrounding the America's billionaires, the policy of "*giving by the right hand and taking by the left hand*" and the economic benefits that will be gained by those billionaires (Al-Kholi, 2015).

iii. *Political Gains*

Acquisition of the influence of the government and its administrative agencies and use that influence to pressure the government to make decisions in favor of the donor corporations. Philanthropy may be a way for political businessmen\Businesswomen to gain power, where their charitable work will help to show them as good men who are good at managing their country's affairs. Bertrand et al. in their study in 2018 in the USA, their empirical results implied that 8.8 percent of corporate charitable giving is politically motivated.

iv. *Tax Incentives*

In many countries, charitable contributions benefit from a favorable tax treatment that may take the form of a deduction from taxable income or of a tax credit. Recently, these tax incentives have been further promoted by the governments of several European countries, as a way to increase private funding for fields

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like education, research, and culture(Fack and Landais ,May 2010:117). "Charitable giving by individuals and businesses is an important source of funding for nonprofit organizations. These charitable donations are influenced by various factors. For donors in the state of Michigan." Some of the more common reasons to give to nonprofits are to help others, to support an organization or cause they believe in, and felt it is morally obligatory to contribute." While these factors vary for each individual or business, research indicates that tax implications influence the size of the donation. Donors receive economic benefit from a reduction in the amount of paid taxes. The motivation to reduce taxes by contributing to a nonprofit is known in economic terms as a tax incentive. The most common tax incentives are either tax deductions or tax credits, as in the USA "(Enders, n. d). In developed countries, governments have recognized the importance of donations to charities or nonprofit organizations in solving many social problems and also to encourage corporations to continue their noble activities "*humanitarian and charitable works.*" Many tax-related laws have been reformed and improved in those countries, while in other countries - especially in developing countries - claims are still increasing the need to amend the tax laws to be consistent with charity. The United Kingdom, the United States, Canada, and Australia, since the beginning of their income tax regimes, have all permitted a deduction or tax credit for gifts to certain public purpose organizations. In the last decade all these countries have used policy measures such as nonprofit fundraising capacity building, publicity campaigns, and tax incentives to encourage philanthropy (Lyons and Passey 2006; McGregor-Lowndes et al., 2006: 496).

v. *Competitive Advantage*

Increasingly, philanthropy is used as a form of public relations or advertisement to promote a company's image or brand through cause- related marketing or other high-profile sponsorships- arguing that "social and economic goals are not inherently conflicting, but integrally connected (Porter and Kramer, 2002: 1). Whereas, philanthropy can be a source of competitive advantage (Porter and Kramer, 2002: 1; Henderson and Malani, 2008: 7).

vi. *Improving the Quality of Life*

Corporate philanthropy is a key component of a corporation's broader social responsibility, and includes cash gifts, product donations, and employee volunteerism. It serves as a major link between the corporation and its communities. Corporations support their communities in numerous ways-foundation giving, providing local volunteers, donating goods and services, and even pro bono assistance (without charge). Corporations work hard to help improve the quality of life in their communities and have a strong sense of responsibility to the people in their communities(JA Worldwide\online). Donations provided by corporations to non-profit organizations are often used to achieve the following goals: (1) Contributing to solving the social problems of certain categories of people within communities such as orphans, elders, alcoholics and drug abusers, etc. (2) Economic assistance to the poor and needy within communities. (3) Combating some negative phenomena within societies and correction of deviant behaviors. (4) Supporting public attitudes that are in the interest of society. (5) Supporting public awareness and educational programs on some issues within societies. (6) Combating all types of pollution "environmental/ moral/noise, etc." resulting from economic and technical developments. (7) Completing some other projects such as construction, maintenance, and development which are in the interest of society. Certainly, these achievements will contribute to improving the quality of life within these communities.

vii. *Distracting the Attention of the Public Opinion on a Particular Issue*

Through charitable donations and using excessive media propaganda, some corporations try to distract the public opinion about some of the scandals and immoral practices they have committed, or due to the nature of harmful products produced by those corporations" such as the tobacco and alcohol industry," or as a result of environmental damage caused by those corporations, in order to alleviate the anger of the public towards those corporations in an attempt to convince the public that they are good citizens, their benefits for the society" financial support provided by them" are more than their harms.

viii. *To Reduce or avoid Losses Resulting from Obsolescence or Expiration of Inventory*

When the inventory (products/machines/ materials, etc.) expiration date is close to completion, or when the stock is outdated due to the emergence of new models "as in clothes," corporations will try to get rid of it with the least economic losses, by donating the stock and achieving tax savings.

III. Income Tax and CSR

Income tax is a key source of funds that the government uses to fund its activities and serve the public. That funds of the taxes are part of the revenues of the state government; without that funds the government cannot manage the state affairs. As is well known, the government uses that funds to pay staff salaries in the public sector, constructing of the schools, hospitals, roads and bridges, parks, etc. therefore, corporations must be committed to supply "pay" the values of taxes to the tax administration\IRS. That commitment comes from the reality of the legal responsibility of corporations to the community and its institutions. Also, non-compliance with tax laws and tax evasion by corporations means facing sanctions by the

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law of the State's economic crimes." Academics have advocated including the paying of taxes in CSR. For example, the American professor Avi-Yonah adamantly maintains that companies bear a social responsibility that includes loyally paying taxes. He also argues in favor of companies refraining from business transactions whose sole objective is to minimize taxes" (Avi-Yonah, 2014; Svernlöv, 2016: 8). On the contrary, in previous years, calls for the development of tax laws in many countries of the world have emerged. Reform of tax systems calls for the need to change the Laws to conform to the strengthening requirements the idea of the practice of CSR by corporations through the creation of a system of incentives to achieve tax justice between the corporations and contributes to encouraging corporations to adopt the idea of social responsibility. For example, Jordanian Al- Rai newspaper published an article on 18 - 11- 2014 under the title" The private sector calls for legislation to stimulate the adoption of the idea of CSR." Also, there were some actual initiatives in many countries aimed at reforming tax systems, for example, tax reform in France in 2003 about incentives for corporate giving\corporate philanthropy (Lordemus, 2013: 16). The Sudaress website published an article in 2013 under the title "Donations for Taxes." This article was an invitation to the Sudanese government to develop the tax code to encourage taxpayers to donate as is the case in the United States. This article stressed the need to find a law that allows deducting the contributions of corporations and businessmen\ businesswomen from the taxes imposed on them (Sudaress, 2013). To encourage taxpayers to contribute to charity and community service. In 2017, the Sultanate of Oman carried out tax reforms "Amendment to the Tax Code" under Royal Decree No. 9/2017. Those reforms ncluded the tax treatment of donations. In- kind donations are as costs, that must be deducted when determining taxable income. Those amendments were as incentives for donors (Ministry of Finance\General Secretariat of Taxation "Sultanate of Oman." 2017).

a) Tax Treatment Methods of Corporate Monetary and In-Kind Donations

Corporate income tax laws differ from country to country, especially about how the tax treatment of monetary and in-kind donations incurred by corporations. In fact, all tax laws in this area cannot be studied for all countries of the world. All laws could not go beyond one of the following three scenarios: (1) Deducting the value of monetary and in-kind donations from the value of revenues "*in varying percentages according to the tax law of the State; where the rate of deduction varies from state to state*" to determine the taxable income. Tax exemption according to this method is in the sense of deduction\reduction, and not in the sense of restoration\return. The value of such donations shall not be excluded from the total expenditures value "by the granted tax exemption rate," with no any tax exemptions in the sense of restoration\ return. This method can be called the Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Deduction); (2) This method is similar to the previous method, but the exemption is in the sense of restoration\return and not the in the sense of deduction\reduction. According to this method, the tax treatment is by deducting the value of monetary and in-kind donations from the value of the income tax. This method can be called the Method Of Society's Rights And Then Government's Rights "The Tax Exemptions In The Sense Of Restoration\Return." This method may be rarely used in the countries of the world. This method means the restoration\return of the values of donations to corporations before fulfilling the rights of the government," Before paying the value of the tax invoice, which is calculated without taking into account the value of donations when determining the taxable income, and reduced by the value of those donations "; (3) Deduction of monetary and in-kind donations from distributable income after deduction of income tax. This method pays no attention to monetary and in-kind donations when determining the value of the tax invoice. This method can be called the Method Of Government's Rights And Then Society's Rights.

b) Types of Tax Exemption for Donations

It is often misunderstood the meaning of tax exemption in exchange for monetary and in-kind donations. The tax exemption may be for reduction " *in taxable income*" or for restoration\return "*through the final tax invoice, which is calculated without taking into account any donations*" - according to the legal text. Both "reduction and restoration\return" contribute to the reduction of the value of the tax invoice payable. But they differ in meaning and method of calculation. As a result of this similarity, the researcher sees the need to define the difference between the two terms to remove the state of ambiguity. As the deduction means a reduction in the value of taxable income by the number of donations or part of them. In other words, donations (or part thereof) are treated as other expenditures in the statement of income to determine the net accounting income, which represents the taxable income. While restoration\ return means reducing the value of the tax invoice "*which is calculated without taking into account any donations*" by the value of such monetary and in-kind donations.

c) The Method of Society's Rights and then Government's Rights (Tax Exemption in the Sense of Deduction)

The method of society's rights and then government's rights (tax exemption in the sense of deduction) is the most widely used method in most corporate income tax laws; it is extensively used in

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many countries of the world. According to this method, corporate monetary and in-kind donations are considered as expenditures which must be deducted from revenues "*according to the deduction rate*" to determine taxable income. This method allows deducting the value of monetary and in-kind donations from the value of revenue to determine the value of taxable income and the value of the tax invoice, if certain conditions are met in those donations, according to the tax law in force in the State. In other words, deduction of community rights" donations" from revenues and then deduction of income tax" government's rights. "The tax exemption according to this method is to reduce the value of the tax invoice by reducing taxable income by the value of monetary and in-kind donations.

d) Tax Saving and the Real Sacrifice Resulting from the Hypothetical Comparison

Social expenditures" donations " incurred by the corporations - which seek to achieve the profits- at the end of the accounting period are treated as other expenditures for the purpose of determining the value of the taxable income- in accordance with the traditional accounting approach - where donations contribute to reducing the value of the income tax that will be paid to the fiscal administration according to the law and tax regulation used in the State. Also, the non-mandatory social expenditures (in the field of corporate philanthropy) may contribute to achieving some tax reliefs (tax exemptions) for corporations. This incentive will lead to a reduction in the value of income tax- which must be paid to the IRS. As it's known, donations are financial amounts incurred by the corporation for the purpose of contributing to the achievement of the social benefits for other parties in the society - within the framework of mutual benefits and the corporation. Thus, these expenditures will not contribute to producing the income nor achieving any direct economic benefits to these corporations such as the contribution of other expenditures (general and administrative expenditures, distribution and sale expenditures, manufacturing expenditures, etc.). Although social expenditures" donations" differ from the other expenditures incurred by the corporations in terms of the goal of the spending process, however, the accounting treatment of these expenditures in the income statement - for the purpose of determining taxable income - is not different from the treatment of other expenditures, according to the traditional accounting approach and the method of society's rights and then government's rights (tax exemption in the sense of deduction). As it is shown in the income statement, those expenditures are excluded from the value of revenues *(to determine net accounting income).* Generally, this treatment leads to a reduction in the value of taxable income resulting from such expenditures incurred by the corporation during the accounting period, and then a decrease in the value of the income tax paid to the fiscal administration. If the corporation did not incur any non-mandatory social expenditures" donations" during the ended accounting period, the value of the taxable income and the value of the income tax paid to the fiscal administration would be higher than the value of the taxable income and the value of the income tax paid to the fiscal administration in case the corporation incurred non-mandatory social expenditures during the ended accounting period. That is to say that, according to the hypothetical comparison, the corporation which incurs non-mandatory social expenditures will pay an income tax less than what will be paid, if it does not endure non-mandatory social expenditures. As a result of this, the corporation achieves a tax saving as a result of decreasing in the value of the taxable income resulting from the value of the non-mandatory social expenditures "donations."

Tax saving is (The value of the tax must be paid to the fiscal administration under the assumption that the corporation did not incur any non-mandatory social expenditures" donations during the ended accounting period) – (The value of the tax must be paid to the fiscal administration in the case that the corporation incurred non-mandatory social expenditures" donations" during the ended accounting period). Tax saving resulting from donations can be defined as follows: It is the amount of the decrease in the value of the income tax paid by the corporation to the fiscal administration on a definite financial period as a result of incurring non-mandatory social expenditures during that period. Also, it can be defined as the difference in value resulting from comparing the value of the income tax paid to the fiscal administration – under the assumption, that the corporation did not incur any non-mandatory social expenditures during the ended accounting period –with the value of the income tax paid to the fiscal administration in the case that the corporation incurred non-mandatory social expenditures during the ended accounting period. The hypothetical comparison method is used to indicate the paid amounts with the right hand and the collected amounts with the left hand. (Saleh,2018:85). The Real Sacrifice is the difference between the value of monetary and in-kind donations and the value of tax savings. The Real Sacrifice = The Monetary And In-Kind Donations - Tax Savings.

The Hypothetical Comparison (a comparison depends on the assumption "*existence and non-existence of a variable.*" Comparison of the result in the presence of a variable with the result in the absence of that variable): The hypothetical comparison method is used to indicate the amounts paid by the right hand and the amounts taken by the left hand " policy of *giving by right hand and take by left hand or what is given by one hand is taken back by the other.*" Comparison of the result in the presence of a variable with the result in the absence of that variable. This type is intended in this study. Comparison of the value of the income tax in the

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presence of monetary and in-kind donations with the value of income tax in the absence of such contributions. In other words, tax savings are the result of a comparison of the amount of the tax invoice payable (in the case of donations are incurred\made) with the amount of the tax invoice payable (in the case of donations are not incurred\ made).

e) A Hypothetical Example

To indicate how to determine the value of tax savings and the value of real sacrifice resulting from the tax incentives granted to donors for their monetary and in-kind donations, the researcher suggests the following hypothetical example of a corporation, which can be considered as a hypothetical state that simulates" mimics" reality to a large extent: Suppose that the tax rate imposed on the income of the corporations in a country was % 40 of the value of taxable income. The state tax law allows deduction of the total value of monetary and in-kind donations from the value of revenues" as a tax incentive granted to donors." The value of revenue achieved by that corporation during a financial period was $ 100000. The total value of expenditures incurred by that corporation during the same financial period was $ 60000 (including $ 10,000 the value of monetary donations, as follows: $ 4,000 the value of the contribution to the construction of a school for the people of the region.$ 3,000 the value of a monetary donation to a recognized charity.$ 3000 the value of the contribution in the public hospitals maintaining. By relying on these data, the value of tax savings and real sacrifice can be determined, as in table 1.

Table 1: How to calculate the tax exemption in the sense of deduction and also determine the value of tax savings and real sacrifice.

A Statement	Assuming That The Corporation Did Not Incur Any Donations During A Financial Period	The Tax Exemption In The Sense Of Deduction, Under The Assumption That The Corporation Incurred Donations During A Financial Period
Revenues	$100000	$100000
Expenditures	$50000	$50000
Donations		$10000
Taxable income	$50000	$40000
Income Tax "Tax invoice value"	$20000	$16000
Tax savings ($ 20000 - $ 16000)		$ 4000
A real sacrifice ($ 10000 - $ 4000)		$ 6000

Through the results listed in the table above, it can be argued that, when the corporation incurred donations at a value $ 10000, it achieved a tax saving at a value $4000. Achieving tax savings means that the real sacrifice incurred by that company is a value of $ 6000, not a value of $10,000. As government revenue from taxes reduced by $ 4,000 due to those donations, this is what can be called compulsory partnership. Where the total value of the donations is the result of two contributions are a voluntary contribution (by the corporation at a value $ 6000); and a compulsory contribution (by the government at a value $ 4000).

f) The Government as a Forced Partner

The careful analysis of the relationship between donations and tax incentives reveals a state of compulsory partnership between the government and donors. That partnership is by tax law. Corporate income tax laws in most countries of the world allow deducting of donations from revenues "*taxable income.*" This tax treatment results in a decrease in the value of the tax invoice payable to the tax authority. Deducting of donations from revenues means a reduction in government tax revenues by the amount of that earned tax savings by corporations as an incentive to

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encourage them to make more voluntary contributions in future periods. The tax savings achieved by corporations in exchange for their charitable contributions are equal to the amount of such a reduction in the value of government revenues from taxes. Achieving tax savings means that the value of donations paid by corporations is not equal to the real sacrifice incurred by those corporations. The total amount of voluntary contributions will represent the actual voluntary contribution "*real sacrifice*" by the corporation *(which is equal to the value of contributions actually paid - the value of tax savings) in addition to the compulsory contribution of the government (which is the value of the decrease in income tax, and which is equal to the value of tax savings achieved by corporations).* The compulsory partnership is the result of a decline in the value of contributions paid due to tax savings achieved by corporations and, which represents the amount of the decline in the value of government revenues from taxes as a result of tax incentives granted to corporations.

g) The Usual Disclosure Method

Publication of news for advertising and publicity "*propaganda* " in the media about monetary and in-kind donations is different from accounting disclosure in the financial statements and reports. Advertising and publicity are intended to inform people that there is a donation process made by a corporation, businessman\ businesswoman or wealthy man\woman to send a message to the public that, that rich or that corporation is a good citizen who strives to do good in the society in which he\she\it lives\operates. These advertising campaigns often hide behind them a lot of interests and purposes, which the donor seeks to achieve, whether they are legitimate or not. Also, advertisements may be false and baseless, for example, The Information Center of the Council of Ministers- in the Republic of Egypt, denied on Thursday, 22 Nov. 2018, what was published about the donation of a businessman to build 1000 schools for the Ministry of Education. The Information Center said that, through its communication with the Ministry of Education and Technical Education, which denied the news. Where the ministry confirmed that it had not received any donations from any businessman on the construction of some schools for the ministry. The ministry said that all news were rumors, that this alleged news were unfounded. And that the Ministry wishes the contribution of businessmen\businesswomen and civil society in this project (Almasryalyoum, 2018). As well as, the announcement of donation does not mean the commitment to implement it by the donor. The donors- after announcing their donations, may back down on their donation decisions. For example, Akhbar 24 Newspaper" News of the Kingdom of Saudi Arabia 24- hours " on August 11, 2018, published the case of a businessman retracted his donation decision to the Orphan Care Society for 20 million riyals and the reasons for retreat "retraction" on earlier promises (Akhbar 24, August 11, 2018).

Based on the foregoing, the following three facts can be inferred: The announcement of donations in the media does not mean that donation processes have been made; The announcement of donations in the media does not impose any legal obligation on the donor in the event of a decline "*retraction non-fulfillment* " in the decisions of the donation; The media hype about donations may conceal intentions "*moral/immoral*" that the public will not understand.

While the accounting disclosure of monetary and in-kind donations used by corporations means proving and recording the donations in the book group, the financial statements "the statement of income" and the tables and reports attached to the financial statements for the financial period ended in a more detailed manner. Contributions "*donations*" during the financial period are shown as a total amount - included as a balance in the contributions account, in the income statement. While the detailed data and full information about those contributions appear in the tables and reports attached to the financial statements. These tables include the value of each donation and the type of donation" monetary contributions\in- kind contributions", payment method "Cash/check", recipients of donations and their addresses and permanent headquarters, Communication tools with recipients" telephone numbers\mail boxes "*postboxes*"\ permanent headquarters location: state, city, area ,and street". Purpose of donation. Disclosure is all detailed data that give the readers of the financial statements full knowledge about that total amount of contributions appearing in the income statement. It should be noted that there is a difference between the process of accounting proving "recording" and the process of accounting disclosure. Proving in accounting books is the recording of financial transactions- after they are completed, by relying on a set of supporting documents. Disclosure means providing all the detailed data on these transactions to create sufficient knowledge about them for the readers of the financial statements. The following is a hypothetical case- simulates the reality, which describes how familiar accounting disclosure about donations in most corporations of the world. Assuming that: Total value of the donations account balance of Green Mountain Company for the beverage industry - Benghazi - Libya, for the financial period ended on 31 December 2018 was $ 20000. This value is a total amount of three donations made during the financial period ended, its detailed data as follows:(1) $ 6,000 is the value of a donation for the maintenance of a public school in the city of Benghazi, the value was paid by a check "check number 23434543. "A number of payment authorization is 55567. The Ministry of Education in Benghazi received

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the value on 3 March 2018. In addition to the means of communication with the Ministry of Education" Phone Numbers\Email\Mailbox"; (2) $ 7000 The value of a donation to build a bridge in the city of Benghazi, the value was paid by a check "check number 23439993. "A number of payment authorization is 77767. The Municipality of Benghazi received the value on 3 May 2018. In addition to the means of communication with the Municipality of Benghazi "Phone Numbers\Email\ Mailbox"; (3) $ 7000 The value of a donation to for the maintenance of a public hospital in the city of Benghazi, the value was paid by a check "check number 23555543. "A number of payment authorization is 89867. The Ministry of Health in Benghazi received the value on August 7, 2018. In addition to the means of communication with the Ministry of Health "Phone Numbers\Email\Mailbox"; (4) The company's revenues during 2018 were $ 200,000. The company's expenses during 2018 were $ 90,000 "without the value of donations." Suppose that the tax rate imposed on the income of the corporations in a country was % 40 of the value of taxable income. Based on the above mentioned financial data, the manner of usual accounting disclosure by companies can be determined as in table 2.

Green Mountain Company For The Beverage Industry - Benghazi – Libya
Income Statement for the Financial Period Ended On 31 December 2018

Table 2: Income Statement for the Financial Period Ended on 31 December 2018

Account / Statement	Value
Revenues	$ 200000
Expenses	$ 90000
Donations	$ 20000
Income Before Taxes	$ 90000

For the accurate evaluation of the total amounts in the financial statements, it is necessary to have detailed data on those amounts. This aim is achieved only through what is known as accounting disclosure, using the tables "detailed accounts recorded in general ledgers and subsidiary ledgers," notes and interpretations attached to those statements. Regarding the accounting disclosure of the value of donations can be presented as in table 3.

Green Mountain Company for the Beverage Industry - Benghazi – Libya
Balance of Donations Account on 31 December 2018

Table 3: The Accounting Disclosure of Donations

Description of the Donation	Value $	Check Number	Number of Payment Authorization	Recipient
The Maintenance Of A Public School In The City Of Benghazi	$ 6,000	23434543	55567	The Ministry Of Education In Benghazi On 3 March 2018
To Build A Bridge In The City Of Benghazi	$ 7000	23439993	77767	The Municipality Of Benghazi On 3 May 2018
The Maintenance Of A Public Hospital In The City Of Benghazi	$ 7000	23555543	89867	The Ministry Of Health In Benghazi On August 7, 2018
Total	$ 20000			

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According to the researcher's belief, in the absence of tax incentives granted to donors - which are permitted by the State Tax Code, or before paying the value of the tax invoice" before tax treatment of donations " in the presence of such tax incentives, this amount of accounting disclosure can be accepted. However, after the tax treatment of donations and the acquisition of these incentives and the payment of the value of the tax Invoice cannot admit this amount of disclosure because it does not contain the value of the tax savings and real sacrifice incurred by corporations in order to interact with the issues and aspirations of the communities in which they operate.

IV. Highlight the Problem

To describe the problem of this study in a way that helps to understand its nature through the logical discussion, the researcher defined the discussion style by dividing it into two separate parts: the first part relates to the nature of the relationship between monetary and in-kind donations and tax incentives, and the second part associated with the implications of that relationship.

1) *First:* The nature of the relationship between donations and tax incentives.

The relationship between donations and tax incentives is not apparent "*hidden relationship*" and can only be deduced through the hypothetical comparison. This relationship may be the reason why there is no literature on this relationship and also accounting standards that govern how to disclose that relationship in financial reports and statements. As a result, companies rely on the usual disclosure method of monetary and in-kind donations "*disclosure without reference to the relationship between donations and tax incentives.*"

2) *Second:* The implications of that relationship.

Most tax laws in most countries of the world allow deduction of monetary and in-kind donations from revenues "taxable income" as a tax incentive to encourage donors to make more donations. This tax treatment results in a decrease in the value of the tax invoice payable to the tax authority because of that treatment. This treatment results in a tax benefit "*tax saving*" for the donor, whether a corporation or a businessman. As a result of these tax gains "tax savings," government tax revenues will be reduced by the amount of those savings. Also, the values of donations made by donors will not reflect the value of the real sacrifice paid as a donation, because donors achieve "acquire" tax savings. This tax treatment produces the following effects: (1) The emergence of what can be called a mandatory partnership between the government and the donor. Where a part of the monetary and in-kind donations will be incurred by the donor and another part incurred by the government through the decline in tax revenues by the amount of that part. (2) achieving economic gains "*tax saving*" for donors. Those gains are hidden and can only be deduced by hypothetical comparison. (3) The values of donations paid do not reflect the real sacrifice that donors make because of those tax savings "*economic gains.*"

As a result of this relationship among the values of donations paid, tax gains and government revenues from taxation, disclosure by the traditional method" *familiar disclosure*" *referred to above in this study may not meet the requirements and criteria for comprehensive disclosure of such contributions. The traditional method may not be considered the optimal method of disclosure. It will not include any data on tax savings and real sacrifices, and thus it may contribute to reducing the quality of the evaluation process by all parties interested in evaluating and studying the social performance of corporations in the field of interaction with the issues and ambitions and aspirations of communities.*

a) The Objectives of the Study

In recent years and in many countries of the world, governments have become aware of the importance of corporate donations and their role in economic and social development within societies. As a result of this importance, legislative bodies in the field of taxation in those countries, have embarked on reforms in tax laws relating to the tax treatment of donations by providing the tax incentives to encourage corporations to continue in philanthropy. These tax incentives result in the acquisition of tax savings "economic gains" in favor of the donor. Tax savings are gains for donors "*corporations/businessmen,*" and economic sacrifices incurred by the government, which are equivalent to the amount of reduction in its tax revenues as a result of those contributions. Accordingly, it can be said that there is a state of compulsory partnership that accompanies donation activities. As the government can be considered a forced partner (by law) to bear part of those donations. The relationship between tax incentives and donations is a hidden relationship that cannot be easily understood. The hidden relationship may be the reason why this relationship is not highlighted during the disclosure of monetary and in-kind donations in reports and financial statements.

Developments in the income tax law about the tax treatment of donations have not been accompanied by similar developments in the accounting disclosures of such contributions. The traditional disclosure methods used by corporations do not refer to the economic gains achieved by the donor and the economic sacrifices incurred by the government. These gains contribute to a reduction in the real value of donations paid "real sacrifice" incurred by corporations and also reduce government revenues from taxes. These decreases in the value of the sacrifices are

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considered to be of high importance to the users of financial statements and statements. As a result, the researcher believes that the dependence of the disclosure process on recording the values of donations paid without reference to economic gains (whether with intent or not) in the financial statements and reports will be inconsistent with the requirements and standards of comprehensive "*full*" disclosure. This measure will also affect the quality of the disclosure process. The usual methods contribute to inflating the figures of donations in the financial statements and reports and thus deceive the users of those statements and the evaluators of the social performance of corporations. Based on the above, in the context of enriching the thought of accounting for corporate social responsibility, as well as in the context of improving the quality of social performance evaluation of corporations that will depend mainly on the quality of the disclosure process, the objective of this study can be defined as follows: A statement of the hidden relationship between tax incentives and donations; A statement on how the monetary and in-kind donations are disclosed in the financial statements and reports in order to be consistent with accounting disclosure standards and requirements in light of the relationship between donations and tax incentives to improve the quality of the disclosure process and thus improve the quality of the social performance evaluation process.

b) The Importance of Study

The application of the idea of this study by corporations will contribute to improving the quality of the disclosure process of monetary and in-kind donations and thus improve the quality of the process of evaluating corporate social performance.

c) The methodology of the study

To show the meaning of the two terms "tax savings" and "the real sacrifice" resulting from the tax incentives, as well as to explain how the comprehensive disclosure of monetary and in-kind donations in the financial statements and reports, in the presence of such tax incentives, the researcher will use hypothetical numbers for an income statement for a corporation that simulates "*mimics*" reality to a large extent to show how to determine the tax saving and real sacrifice. As well as, a statement on how the comprehensive disclosure of donations. And the use of the results of this treatment to promote the controversial discussion that will be raised by the researcher to support the idea of this study, which lies in need to develop the process of disclosure of monetary and in-kind donations to be more comprehensive.

V. Solve the Problem "A Justified View"

There is no doubt that the traditional method used by corporations to disclose donations, no longer meets the requirements of full disclosure of these social contributions, especially after referring to the issue of the hidden relationship between donations and tax incentives. Comprehensive disclosure of monetary and in-kind donations means providing all financial and non-financial data in detail to the users of financial statements and reports for the purpose of improving the quality of the process of evaluating the corporate social performance in the field of interaction with the issues and aspirations of the communities in which they work, as well as in order to verify the validity of those contributions.

a) Financial data

There are three financial values that must be disclosed in the tables and reports attached to the financial statements: The value of donations actually paid by corporation; The value of the tax saving "economic gain" achieved by corporation in return for the charitable donations; The value of the real sacrifice incurred by the corporation (the worth of contributions actually paid- the value of tax saving). There is no doubt that each value has a utility in the process of evaluating the social performance of corporations, which can be reviewed as follows:

1) The worth of donations paid by the corporation.

Regardless of any economic gains "tax savings" achieved by corporations from the activities of donations, this value will indicate the amount of economic sacrifice " *the sacrifice of the corporation and the sacrifice of the government*" incurred to produce a certain amount of social benefits for the benefit of society. Those social benefits achieved for the benefit of society were produced by a certain amount of money. In other words, there is a certain amount of social benefits that must be produced by a certain amount of money "*which is the value of donations paid by the corporation.*"

2) The value of tax saving "economic gain" achieved by the corporation in return for the charitable donations.

This value represents the economic gain achieved by the corporation in return for their charitable donations. Through this value can know the real sacrifice incurred by corporations to fulfill its social responsibility towards the community in which it operates, as well as the amount of shortfall "*reduction*" in government revenues from taxes.

3) The value of the real sacrifice incurred by the corporation.

This value indicates the amount of economic sacrifice that corporations incur to fulfill the requirements of their social responsibility towards their communities in which they operate. It refers to the amount of real reduction "*shortage*" in corporate assets. As the donations value paid by donor corporations does not

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reflect the real sacrifice, because of tax incentives earned by those corporations.

b) Non-Financial Data

Non-financial data are to prove the validity of donation operations to ascertain the credibility of charitable activities and their conformity with the conditions stipulated in the tax law. They are often needed by regulatory bodies such as check number, a number of payment authorization in addition to the means of communication with the recipient "phone numbers\email\mailbox, etc.

By using the data in the above example, the researcher showed how to make a comprehensive disclosure of monetary and in-kind donations, as in table 4.

Green Mountain Company for the Beverage Industry - Benghazi – Libya
Balance of Donations Account on 31 December 2018

Table 4: Comprehensive Disclosure of Monetary and in-Kind Donations

Description Of The Donation " Full Information"	Value	Tax Saving\ the Government as a Forced Partner	Real Sacrifice Incurred By Corporation	Check Number\ Number Of Payment Authorization
The Maintenance Of A Public School In The City Of Benghazi. The Ministry of Education in Benghazi received the value on 3 March 2018	$ 6,000	$ 2400	$ 3600	23434543 \ 55567
To Build A Bridge In The City Of Benghazi. The Municipality of Benghazi received the value on 3 May 2018	$ 7000	$ 2800	$ 4200	23439993\77767
The Maintenance Of A Public Hospital In The City Of Benghazi. The Ministry of Health in Benghazi received the value on August 7, 2018	$ 7000	$ 2800	$ 4200	23555543\89867
Total	$ 20000	$ 8000	$ 12000	

VI. Conclusion

This study showed the hidden relationship between donations and tax incentives, as well as the effects of this relationship. That relationship is not taken into account when disclosing monetary and in-kind contributions by corporations. Given the importance of this relationship and its impact on the quality of the evaluation process of corporate social performance. The disclosure of contributions in the financial statements by the usual "common" method no longer meets the requirements for a comprehensive disclosure of such donations in the presence of that relationship. And to address this deficiency, this study showed how to disclose these donations to include all the financial data that will contribute to improving the quality of the disclosure process and thus ameliorate the quality of the process of evaluating the social performance of corporations.

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Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 19 Issue 2 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Can Auditing Prevent Future Global Financial Crisis? What have we Learned from Global Financial Crisis?

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Abstract- The purpose of this paper is to investigate qualitatively how the financial crisis educated auditors and how the auditing practice can be modified in order to prevent future financial crisis. Lastly, concluded that the global financial crisis came as a result of excessive risk taking on the one hand and high irresponsibility on the other hand. It is true that auditing might have gone a long way to reduce the gravity of this crisis. But to mitigate future occurrences, it is going to take more than just auditing to prevent it since much research points to the fact that auditing alone was not enough to stop the crisis.

GJMBR-D Classification: *JEL Code: M42*



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I. Introduction

The global economic crunch or melt down that stroke the world starting from 2008 is one of the greatest financial crises that planet earth has experienced since the great depression. This crisis left many people in a state of doubt concerning what the actual cause of the crisis was. Many blamed the crisis on the free market and its excessive risks taking. Just like former USA President Obama said in his first inaugural address that:

``*... if there is one thing that this financial crisis has reminded us about is that we cannot have a thriving wall street while main street suffers…*´´

Source: New York Times, Wednesday, November 05, 2008.

After the fall of Enron, it came to notice that the auditors of Enron could go a long way to indicate to investors and make public the accounting procedures used by Enron to show escalating profits on an accrual basis (using their so called mark to market accounting), as a result some international accounting standards and international auditing standards were introduced and others were modified in a bit to see how future occurrences of this nature could be mitigated. Just a few years later, the world was hit not just by a corporate failure but by a global financial meltdown.

II. Research Objective

The purpose of this paper is to investigate qualitatively how the financial crisis educated auditors and how the auditing practice can be modified in order to prevent future financial crisis. But before going into this we will first of all try to show what caused the financial crisis in the first place. And later part tries to address the following questions:

- Were CEOs in banks taking excessive risks at the detriment of the investors?
- Did internal auditors in their audit reports point to this fact?
- What role did auditors play in the occurrence of this crisis?
- Could auditors reduce the gravity of the crisis or could they eliminate it completely?

III. General Literature Review

a) Causes of Financial Crisis

Following the past several years of global economic turmoil, there have been extensive examinations by researchers to identify the root causes of the financial crisis and determine what could be done to reduce the risk of a future similar crisis. While none of them found that auditing was a root cause of the financial crisis, auditors, like all participants in the capital markets, have a responsibility to examine their role in light of lessons learned from the crisis and consider what improvements can be made in audit standards and what more they can contribute to market integrity and investor protection.

But the picture depicted by several researcher about the causes of the recent financial crisis as is easy access to apparently low-cost credit to fund an increasing supply of residential housing, coupled with the explosion of innovative financial instruments, as well as lax loan underwriting standards and documentation, led to an asset bubble that eventually burst the way asset bubbles tend to do (Carmassi et al., 2009). This was an economic turnaround caused by a collapse in risk management at many levels.

Consumers took on too much debt; lenders issued high-risk mortgages that were packaged and resold and those lenders held large amounts of risky, leveraged instruments; and investors purchased complex securities that they did not understand. The impact of the reversal was exacerbated by the interconnectedness of financial system.

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The origin of the crisis points to the financially leverage institutions (bank) which make money by taking risks.

Banks form just one category of financial institutions. According to Hull (2007), a financial institution is one which performs many functions, but the basic task is to be intermediaries between buyers and sellers of financial services, such as borrowing and lending of funds and the provision of insurance against risks. The financial service industry is broadly divided into: Depository institutions, insurance companies, finance companies, investment banks and securities, firms, pension funds, mutual funds.

Just like other business corporations, banks are limited liability companies where there is often a divorce between management and control. Just like other limited liability companies, banks are owned by shareholders and managed and controlled by a Board of Directors. Due to this divorce between ownership and management, there are often conflicts of interest that result in the running of banks between the owners of the bank, and those who run and manage the affairs of the bank, and each stakeholder always wants to maximize his or her own benefit at the expense of other stakeholders. This calls for good corporate governance measures in banks that will minimize the conflicting gap between those who own the business and those who run it and those who are involved in the bank in one way or another (creditors, government, employees, taxpayers- other stakeholders) so as to have a balance between areas of interests and conflicts especially when it comes to risk management in banks.

The question that arises now is whether the Board of Directors is incapable of controlling risk in banks? We cannot directly give a ``yes´´ or ``no´´ answer to this question directly, but rather we examine those factors or pertinent issues that complicate risk control in banks by the Board of Directors.

Lucien & Spamann (2010) says that the compensation structure of bank executives have produced incentives for excessive risk because bank executives expect to share in any gains that might flow to common shareholders, but are insulated from losses that the realization of risks could impose on preferred shareholders, depositors, and taxpayers. They further go to explain that this has given executives incentives to give insufficient weight to the downside of risky strategies. The analysis of banks financing structures and compensation according to Lucien & Spamann (2010), shows that the payoffs of bank executives is most often tied to a highly levered bet on the value of the bank's assets. This is because top executives in banks at times own some common stock in the bank, and because they enjoy limited liability, they often engage in risky ventures which are optimal to their personal advantage but which are very excessive from the social point of view. Excessive risk here means risk that may either increase or decrease the value of a bank's asset but whose expected effect on banks value is negative (Lucien & Spamann).

Some banks in the past attempted to check excessive risk taking by bank executives by tightening the link between the design of pay arrangements and shareholders' interests. But this alone cannot eliminate excessive risks because common shareholders could benefit from taking risks that are socially excessive. Hence, bank executive are sometimes encouraged by shareholders to take these excessive risk so that they make more profits.

Therefore, the compensation structure of bank executives can cause them to take excessive risk and vice versa and this complicates their objectivity as far as risk management is concerned since most often they usually have their interests to protect. Empirical studies have documented that CEOs who are insulated from shareholder pressure and do not receive high-powered pay are less prone to engage in risk-taking (Lucien & Spamann, 2010).

Now, if we try to establish an agency relationship between the executives of the bank (insiders) and the shareholders we will realize just as (Lucien & Spamann, 2010) puts it that when compensation arrangements are flawed, it is common to look for agency conflicts between insiders and shareholders as source of the problem of excessive risk taking and corporate governance reforms as solution.

So, going back to the question on whether the Board of Directors is incapable of controlling risk taking, we may be tempted to say, yes if they are not checked because they will always want to maximize their benefits at the expense of other stakeholders and at times even at the expense of other parties also represented in the board. Therefore regulations should be geared towards preventing top executives in banks from taking risks that is socially excessive, yet privately optimal.

At this juncture, I will like to expand a bit further to see why excessive risk taking is aggravated in big banks especially in the USA. The biggest banks in the USA (as well as in many major world economies) are not stand-alone entities, but subsidiaries of financial conglomerates, known as bank holding companies in the USA. Lucien & Spamann (2010) explains that modern US bank holding companies received a substantial share of their compensation not in common shares, but in options on such shares. This further has more risk incentives than the common shareholders holding companies.

Also, risk monitoring and risk control in banks by the providers of finance plays an important role in risk taking by executives. But it is important to mention here that many deposits in banks are covered under deposit insurance by the government, this reduces the incentive of creditors to monitor risks (moral hazard) and further increases the incentive of bank executives to take

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excessive risks (adverse selection) which they would not had it been the deposits were not covered. Small creditors too have insufficient funds to monitor risk taking and often prefer to benefit from risk monitoring as free riders. This further explains how complicated it is for the board of directors to keep aside personal gains and engage in risk taking objectively.

What complicate risk management in banks? Bank and Risk Management

According to Levine (2004), banks possess two special traits that complicate risk management in banks namely: opaqueness and the fact that banks are often covered by deposit insurance from the government.

Beginning with opaqueness, this trait points to the fact that there is usually information asymmetry between insiders and outsiders and this makes it very difficult for diffuse equity and debt holders to monitor bank managers (Levine 2004). Due to conflicts of interest between debt holders and controlling owners of banks, there is always a disagreement between these two parties when it comes to risk taking. Debt holders are very sensitive when it comes to risk taking because they do not enjoy any upside potential from risk taking but do on the downside if the bank cannot service its debts. The opacity of banks makes it very complicated for debt holders to monitor risk in banks (Levine, 2004).

Still because of high information asymmetry caused by the opaque nature of banks it becomes very difficult to design incentive contracts that align managers' interests with bank equity holders. Furthermore, since managers frequently control the boards of directors that write the incentive contracts, managers of opaque banks can often design compensation packages that allow managers to benefit at the expense of the long-run health of the bank (Levine 2004).

Levine (2004) also points out that opaqueness also makes it easier for insiders to exploit outside investors and the government. The second aspect that we are going to examine here that makes banks different from other corporations is government regulation.

Firstly, it is important to mention that government regulation of banks through deposit insurance has a great implication regarding corporate governance in banks. Levine (2004) explains that deposit insurance has three main effects regarding the corporate governance of banks:

1. It reduces the incentives of depositors to monitor banks
2. It induces banks to rely less on uninsured creditors with incentives to monitor and more on insured depositors with no incentive to exert corporate governance.
3. Deposit insurance also strengthens the central banks role as lender of last resort and this have helped produced banks with very low capital asset-ratios relative to other firms. And as this capital falls, this increases the incentives of controlling owners to increase the riskiness of the bank.

IV. Bank and Auditor

If there is to be a positive legacy of the financial crisis, it must be in the lessons that market participants have learned from extremely challenging times. As with all stakeholders in the banking crisis, bank auditors must seek lessons to be learned.

Auditors play an important role in financial markets, promoting confidence in financial information provided by banks and other financial institutions and acting as a discipline for directors and management. This report seeks to identify incremental improvements in the functioning of the system in the future. Auditing and the regulatory framework that supports auditing have generally held up well in the crisis. The necessary reforms to the auditing regulatory framework implemented after the collapse of Enron seem to have stood up to their first major test. However, questions have been asked, including by the UK House of Commons Treasury Committee, about the value of bank audits, since auditing did not provide forewarning of the banking crisis. The European Commission, in its Green Paper on Corporate Governance in Financial Institutions and Remuneration Policies, issued in June 2010, asks questions about the scope of auditor responsibilities, covering areas similar to some of the proposals in this paper. While this report is based on UK experience, we believe that its analysis and proposals will be of wider interest.

The purpose of audits is to provide greater confidence in information provided by directors through an independent opinion on its truth and fairness. This is the same for banks as for other entities presenting audited financial statements. For banks, regulators and supervisors provide an additional defense, albeit with different objectives and different primary stakeholders.

One way for auditors to respond to the crisis is by suggesting changes to regulation, financial reporting standards or auditing standards. Indeed, we suggest some areas where long-term changes could be made in these areas. However, such changes take time and auditors can also take more immediate steps to promote positive improvements through market-based solutions and better communication.

Perhaps more than anything else, politicians ask questions about professional judgement when discussing the role of auditors. An auditor's work is conducted under a framework of professional standards, covering auditing, ethics and financial reporting, and of legislation and regulation.

Much of this work is behind closed doors, therefore the impact of an audit on financial statements

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and on the discipline provided by internal controls is not visible. This helps to explain why questions may arise about the exercise of professional judgement by auditors. If there is one big lesson from the crisis for auditors, it may be that more needs to be done to explain the value of audits to those outside the audit process. Making more information available about discussions between auditors and banks could increase the value placed on audit and thereby increase market confidence.

On a personal note, I would like to thank the contributors to this report, including the stakeholders we interviewed for their time and ideas and working party members for their hard work, support and openness. Preparing this report has been challenging. We acknowledge that many of our proposals, if implemented, would lead to additional work for auditors. However, in developing our proposals, we have been guided by the views of banks' stakeholders. Our aim throughout has been to address their concerns.

Excessive risk taking and the global financial crisis; Where do auditors come in?

The financial crisis has shown clearly that excessive risk taking is very harmful to the health of the global financial economy and it is time that auditors need to re-examine how they assess risks. This recent financial crisis which can only be compared to that of the great depression of the 1930s shows how banks failed miserably in monitoring and assessing risks. Excessive lending to bank customers who could not pay back the borrowed amount caused liquidity in banks to dry up and escalated the financial crisis.

The question that arises now is whether proper internal auditing could prevent this recent financial crisis or mitigate future occurrences of such an economic down turn?

According to a report published by the Global Audit Information Network (GAIN) in 2009, the impact of the global financial crisis on many organizations around the world necessitated some research to measure the extent to which the crisis has impacted on internal audit activities. Mindful of the above, the Institute of Internal Auditors (IIA) and IIA Research Foundation (IIARF) conducted a survey in early March 2009 asking participants — mostly CAEs — specific questions regarding the overall impact of the economic slowdown on their organizations and, subsequently, their overall internal audit efforts. An analysis of the survey uncovered five key findings:

1. The economic recession has impacted not only organizations, but their respective internal audit activities as well.
2. Internal audit activities are transitioning risks that received extensive focus in recent years and concentrating more on emerging risks that resulted from the changing economic conditions.
3. A majority of respondents disagree with the statement that better risk management could have played a role in preventing the current crisis, yet most respondents agree internal auditing could have done more to assist their companies in identifying key risks.
4. Changing stakeholder expectations are impacting the focus of internal audit efforts.
5. Internal audit oversight and coverage of emerging risks associated with the acceptance of government stimulus funds are lacking.

The authors of this report further explained how Enterprise Risk Management (ERM) was able to alert some organizations on the perils of sub-prime loans, while in other places such as the financial services sector, ERM failed to do so. As the authors explain, organizations where ERM was not able to predict the current financial fallout share a number of common traits:

1. Barriers to full ERM implementation due to a lack of senior management support for risk management.
2. Ineffective risk identification and assessment channels.
3. A lack of a clearly documented and communicated risk appetite that defines the amount of risk the organization is willing to accept in pursuit of its objectives.
4. Fragmented ERM reporting.
5. Lack of ongoing risk monitoring.

Mindful of the above, the authors suggest in their report that to ensure risk management efforts are effective and to properly identify key risks, internal auditors need to learn from the mistakes offered by current risk management failures.

"Internal auditors have a historic opportunity to use the lessons learned from the current crisis to promote the creation of newly integrated ERM (Enterprise Risk Management) processes or to enhance existing ERM processes within their organization,"

State George Aldhizer, Ph.D., CIA, associate professor at Wake Forest University, and Mark Stone, authors of the report.

"*The global crisis has caused the majority of audit committee members and chief financial officers to reconsider the adequacy and effectiveness of their company's processes for managing business risks."*

Also, as suggested by the authors of this report, internal auditors, explain Aldhizer and Stone, can persuade boards and their audit committees that the risk of fraudulent financial reporting and asset theft is skyrocketing, in part because many organizations have not adequately identified, assessed, and mitigated key external or strategic, operational, and compliance risks over the past few years.

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Furthermore, as both business advisors and the eyes and ears of the audit committee, internal auditors are well positioned to improve existing ERM processes by stating that primary ERM leadership should be within a board-level risk committee or chief risk officer (CRO) that has substantial practical risk management experience.

Most importantly, the authors further suggest that internal auditors can promote a common definition of risk management throughout their organization, as well as a uniform definition of events posing the greatest risk to their organization's ability to achieve strategic objectives.

These and other recommendations, provided in the report, will go a long way in enhancing the ability of internal auditors to determine whether existing risk management efforts are on the right track and ensuring their organizations do not partake in activities that could hinder financial and overall corporate stability

V. Discussion and Critical Evaluation

From the above general literature review, we have seen clearly that the global financial crisis erupted mostly as a result of risky undertakings by many companies and financial institutions. The fact that banks are financially leverage institutions that make money by taking risks further complicates the boundaries as to what should be considered appropriate risk. After this crisis many corporate governance reforms have been put in place especially those linked to internal risk management and the responsibility of internal auditors have been broadened and emphasis have been placed on internal risk control and management.

Auditors need to advice their clients on matters concerning excessive risks and notify the independent members of the board of directors any deviations from the maximum risky bench marks set by the company. This is because, just as we have seen above, CEOs of many banks often undertake excessive risks since they are often insulated from any down turns from those risks but receive very large bonuses if these risky ventures turn out good at the expense of the common stock of the shareholders.

As to whether auditing could prevent this recent financial crisis? A direct yes to the question will still be subject to certain qualifications likewise also saying that proper auditing and internal risk control would not have reduced the magnitude of the crisis is also very problematic since many studies show different results. What is true and certain is that auditing profession needs to evolve with the world of business and banks and companies need to develop 21st century internal risk control and management systems to meet 21st century business challenges.

Previous corporate scandals and the recent financial crisis also points to the fact that there is need for proper accounting procedures in companies' especially financial institutions. Fair value accounting also needs to be re-visited if need arises. Also to make accounting information reliable companies must conform to the recent corporate governance reforms post SOX that advocates the constant rotation of external auditors who will subject the accounts of all the companies under serious scrutiny and present an audit report at the annual AGM as to whether the accounts present a true and fair view of the business in question. Keeping the same audit firm for a long time (say more than five years) in the same company as external auditors can complicate the objectivity of auditors and impair their independence. This is because this audit firm may be afraid of losing a lucrative client.

The financial crisis has also shown that a complete reliance on accounting information contained in the financial statements can be misleading at times since most of accounting today is on an accrual basis.

Fitzsimons et al (2010) explains that since the financial crisis, The American Institute of Certified Public Accountants (AICPA) recently issued an exposure draft of a proposed Statement on Auditing Standards (SAS), titled *Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures.*

According to Fitzsimons et al (2010), the proposed SAS would also include requirements and guidance on misstatements of individual accounting estimates and indicators of possible management bias. Regarding risk assessment and related activities, the proposed SAS will require the auditor to:

``*In responding to the assessed risks of material misstatement, the proposed SAS would require the auditor to consider whether specialized skills or knowledge...are required to obtain sufficient appropriate audit evidence*´´ Source: Fitzsimons et al (2010).

The above means that the auditor must determine whether any of those accounting estimates that have been identified as having high estimation uncertainty give rise to significant risks.

Norman (2010) pointed out that throughout his life; he always firmly believed that the CAE (Chief Audit Executive) should report functionally to the chair of the audit committee and administratively to a top executive, such as the chief financial officer (CFO). But he is no longer sure that is optimal when he became CAE of a global business.

Norman (2010) explains that the New York Stock Exchange's (NYSE'S) *Listed Company Manual* – provides Additional guidance. Applicable to all companies with securities listed on the Exchange, the manual has a section on "Audit Committee Additional Requirements." One of the audit committee's duties is

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specified as: "discuss policies with respect to risk assessment and risk management." The manual states: *While it is the job of the* CEO *and senior management to assess and manage the listed company's exposure to risk, the audit committee must discuss guidelines and policies to govern the process by which this is handled. The audit committee should discuss the listed company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The audit committee is not required to be the sole body responsible for risk assessment and management. ... Many Companies, particularly financial companies, manage and assess their risk through mechanisms other than the audit committee. The processes these companies have in place should be reviewed in a general manner by the audit committee, but they need not be replaced by the audit committee.*

The above clearly complicates the actual person on which the responsibility of the provision of risk oversight rests (Norman, 2010). In order to get reliable assurance, Norman (2010) further suggested that:

It will be very important that the governance committee or its equivalent should address to whom the CAE should report, as that committee is generally responsible for determining board and committee performance, updating charters, etc. It should consider: Who are internal auditing primary customers? Who needs to provide input into internal auditing planning process and receive reports after it completes engagements? Etc. he also suggested that interesting:

``… to see whether CAE (Chief Audit Executive) reporting relationships change as boards address their risk oversight responsibilities and consider the value that internal auditing can provide In filling the assurance void´´. Source: (Norman 2010).

VI. Conclusion and Recommendations

From the above I conclude that the global financial crisis came as a result of excessive risk taking on the one hand and high irresponsibility on the other hand. It is true that auditing might have gone a long way to reduce the gravity of this crisis. But to mitigate future occurrences, it is going to take more than just auditing to prevent it since much research points to the fact that auditing alone was not enough to stop the crisis. Therefore, the various stakeholders involved in business management (CEOs, auditors, employees, government...etc) must stand up and do their home work. Auditors must also try as much as possible not just to do the thing right but also endeavor to do the right thing. This calls for the incorporation of a professional code of ethics and conduct in all business and a need for each stakeholder to acknowledge that the other affects us despite ourselves so that they will not be narcistic while their carry out their functions in the business.

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Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 19 Issue 2 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

The Determinants of Audit Firm Performance: An Empirical Study of the Cameroon Case

By Ndassi Yepgnou Joseph, Ananga Onana Anaclet & Ateumo Edith Christiane Grace
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Abstract- The quality of service rendered by audit firms is an essential element in improving the efficiency and effectiveness (performance) of audit firms. In addition, this quality of audit apprehended by the quality of the auditor (competence and independence) depends on the contextual context, the environment in which it is exercised and the behavior of the actors put in place. Based on research perceived by audit firms, the present de study aims to identify the link between contingency factors and performance. Based on the Churchill paradigm (1979), our research data are articulated around a qualitative phase (10 semi-directive interviews) and quantitative (52 audit firms) collected in the cities of Douala and Yaoundé. Econometric analyzes using the multiple linear regression technique show that factors related to auditor competence (generic factors) and independence (specific factors) determines the quality of the performance of firms.

Keywords: performance, audit quality, resource theory, churchill's paradigm, audit firm, independence; skill.

GJMBR-D Classification: JEL Code: M42



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The Determinants of Audit Firm Performance: An Empirical Study of the Cameroon Case

A Les Déterminants de la Performance des Cabinets d'Audit: Une étude empirique du Cas du Cameroun

Ndassi Yepgnou Joseph [α], Ananga Onana Anaclet [σ] & Ateumo Edith Christiane Grace [ρ]

Resume- La qualité du service rendu par les cabinets d'audit est un élément indispensable dans l'amélioration de l'efficacité (performance) des cabinets d'audit. En outre, la qualité de l'audit est appréhendée par la qualité de l'auditeur (compétence et indépendance) et dépend du cadre contextuel, de l'environnement dans lequel il est exercé et du comportement des acteurs mis en place. En partant d'une recherche perçue par les auditeurs, la présente étude a pour objectif d'identifier le lien entre les facteurs de contingences et la performance. En s'appuyant sur le paradigme de Churchill(1979) et en articulant nos recherches autour d'une phase qualitative (10 entretiens semi-directifs) et quantitative (52 cabinets d'audit), nous avons collecté nos matériaux de recherche dans les villes de Douala et Yaoundé. Les analyses des données par la technique de la régression linéaire multiple montrent que les facteurs liés à la compétence de l'auditeur (facteurs génériques) et son indépendance (facteurs spécifiques) déterminent la qualité de la performance du cabinet.

Motsclés: performance; cabinets d'audit; qualité de l'audit; théorie des ressources; paradigme de churchill; compétence; indépendance.

Abstract- The quality of service rendered by audit firms is an essential element in improving the efficiency and effectiveness (performance) of audit firms. In addition, this quality of audit apprehended by the quality of the auditor (competence and independence) depends on the contextual context, the environment in which it is exercised and the behavior of the actors put in place. Based on research perceived by audit firms, the present de study aims to identify the link between contingency factors and performance. Based on the Churchill paradigm (1979), our research data are articulated around a qualitative phase (10 semi-directive interviews) and quantitative (52 audit firms) collected in the cities of Douala and Yaoundé. Econometric analyzes using the multiple linear regression technique show that factors related to auditor competence (generic factors) and independence (specific factors) determines the quality of the performance of firms.

Keywords: performance, audit quality, resource theory, churchill's paradigm, audit firm, independence; skill.

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I. Introduction

Les cabinets d'audit ont presque toujours échoué dans leur rôle de chien de garde de la comptabilité des entreprises ; et pour cause les nombreux scandales qui ont engendré la crise de l'information financière et comptable, qui trouvent leur origine dans les tromperies et les abus de droit liés le plus souvent à la dépendance ou à l'incompétence de l'auditeur (Worldcom, Vivendi et Parmalat). De ce fait, les études effectuées sur l'audit légal portent généralement sur la qualité de l'audit appréhendée par la qualité de l'auditeur (Causse et Vu, 2012). Cette qualité de l'audit dépend étroitement de l'environnement dans lequel l'activité est exercée et de l'organisation du travail de l'audit. Au sens d'Herrbach (2000), compte tenu du fait que l'activité de l'auditeur est très prégnante et représente un enjeu économique pour la plupart des entreprises, la qualité du contrôle des états financiers de l'entreprise cliente, les principes et les méthodes utilisés par les cabinets d'audit doivent présenter des caractéristiques acceptables par l'environnement et susceptibles d'affirmer leur efficacité et leur rationalité. Sur ce, l'examen de la performance du cabinet d'audit revient à appréhender ce que l'on entend par qualité d'audit. Cette qualité a un caractère inobservable par les tiers. Elle rend l'activité de l'audit peu démontrable aux yeux des utilisateurs de l'information comptable et financière et se situe au cœur de plusieurs débats (Mc Nair, 1991).

Au demeurant, les travaux portant sur l'audit légal propose l'indépendance (Bazerman et al, 1997; Flint, 1988); les facteurs de contexte (la taille du cabinet, la politique de facturation des honoraires, l'informatisation du cabinet, l'appartenance du cabinet à un réseau international) (Groverman, 1995), le respect du processus d'audit (Manita, 2009), comme des facteurs explicatifs de cette qualité d'audit. Pour d'autres recherches, le cabinet s'adressant à plusieurs parties prenantes doit construire sa performance à travers les moyens et les ressources immatérielles (Causse et Vu, 2012). Cependant, ces recherches antérieures ayant fait leurs preuves en Occident sont

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peu nombreuses et insignifiant au Cameroun. Quelques études empiriques portent sur les honoraires (Foka et al, 2017), la qualité de l'audit (Sangué-Fotso, 2015, Djoutsa et al, 2014) et la compétence (Gandja, 2014). Mais presque inexistant en ce qui concerne la performance des firmes d'audit.

En tout état de cause, s'intéresser à la mesure de la performance du cabinet pourrait se justifier par le renforcement du dispositif réglementaire, suite à certains événements significatifs ayant conduit à une prise de conscience, et la nécessité d'anticiper la vulnérabilité des firmes d'audit face à la faillite. Il s'agit du livre vert publié en 2010 par la *commission européenne* sur le rôle de l'audit. Ces reformes réglementaires ont pour but d'améliorer la qualité de l'audit et plus précisément la performance des firmes d'audit.

Néanmoins, les facteurs qui peuvent expliquer la performance des cabinets sont nombreux. Bon nombres des travaux dans les contextes bien différents, ont essayé de mettre en évidence les facteurs pouvant stimuler la performance (Vu, 2010, Assane, 2011). D'autres par contre ont essayé d'établir le lien entre l'innovation et la performance (Blum, 2015). Au regard du poids social, économique et financier que représente les cabinets d'audit dans la littérature, et des avancées notables qu'elle a connu ces dernières décennies justifient l'intérêt d'une réflexion sur la qualité de la performance du cabinet. Dès lors, *Quels sont les facteurs qui déterminent la performance des cabinets d'audit au Cameroun ?*

Toutefois, un constat s'impose. La plupart des travaux portant sur la performance des cabinets sont menés dans les pays développés, dans lesquels les pratiques sont fortement encadrées et réglementées par la loi. Le contexte camerounais comme laboratoire d'expérimentation empirique s'articule sur plusieurs points. Il faut noter une paupérisation des études portant sur la performance des cabinets d'audit en Afrique et au Cameroun en particulier. A côté de cela, on note un environnement caractérisée par une diversité culturelle où son atout peut être une originalité pour cette recherche. C'est un environnement où les scandales financiers y sont presque récurrents à l'instar de la BICEC qui a mis en cause la responsabilité de certains cabinets d'audit (Minko, 2016). Un contexte où en 2011, l'administration fiscale a balayée du revers de la main l'obligation de faire certifier ses états financiers par les cabinets d'audit indépendant sans motifs apparents. Cette description tient lieu d'argument suffisamment étayée pour une opportunité des études portant sur la performance des cabinets d'audit au Cameroun.

L'étude empirique porte sur un échantillon de 52 firmes d'audit installées au Cameroun. Du moins, l'objectif de cette recherche est de mettre en évidence les facteurs qui influencent la performance des firmes d'audit.

Pour apporter un éclairage à notre préoccupation, l'étude s'articule autour de trois points essentiels à savoir : le premier point présentera l'ancrage théorique portant sur l'ambigüité de la performance des cabinets d'audit et ses spécificités, un deuxième point décrira la méthodologie adoptée, et nous terminons par la discussion des résultats.

II. Ancrage Théorique et Hypothèses de Recherche

Cette section vise à positionner l'étude par rapport aux travaux antérieurs. Elle propose ici de dépoussiérer la spécificité des cabinets d'audit qui constitue notre terrain d'expérimentation, par la suite nous allons faire un tour d'horizon sur la construction de mesure de la performance et finir par ses déterminants.

a) Les cabinets d'audit: Une organisation singulière

Les cabinets d'audit travaillent de manière autonomes sous le contrôle de plusieurs organismes professionnels, comme la CRCC (Compagnie Régionale des Commissaires aux Comptes); la CNCC (Compagnie Nationale des Commissaires aux Comptes), le H3C (haut conseil du commissariat aux comptes); et l'ONECCA (Ordre National des Experts-Comptables du Cameroun) qui à nos jours ont force de lois. Au sens de Blum(2015), le cabinet d'audit est une entité professionnelle indépendante et établie, qui utilise un corpus de savoir abstrait acquis après une longue formation spécialisée pour fournir des informations comptables et financières fiables au public. Au sens de Minzberg (1990), le cabinet d'audit est une structure bureaucratique qui se traduit par un modèle très hiérarchisé, organisé et réglementé ayant à la base des tâches similaires. En tant qu'organisation économique, libérale et réglementée, les cabinets d'audit sont des représentations collectives des membres pourvus des droits leur permettant de se constituer en Ordre (Blum, 2015). Ce sont en effet des organisations qui pour la plupart bénéficient du monopole de la certification des comptes, une obligation légale pour la plupart des sociétés commerciales (Herrbach, 2000). Leur esprit collectif se matérialise par le respect du code déontologique et des normes comptables OHADA.

Dans la même optique, l'accès à la profession nécessite une connaissance de très haut niveau, une compétence reconnue, acquise au moyen d'une longue formation (Tondeur, 2003; Champy, 2009). Cette forme d'organisation de type bureaucratique est reconnue en majorité dans les cabinets d'expertise comptables, des avocats et des conseillers fiscaux. Parallèlement à d'autres entreprises de service, les cabinets d'audit ne

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travaillent pas comme les entreprises traditionnelles dont la marge bénéficiaire est la plus grande priorité. Ceux-ci ont un double statut, celui de fournir les services intellectuels et celui de la crédibilité des informations comptables et financières auprès de leurs clients. De plus, ces derniers se distinguent des autres organisations par leurs caractéristiques spécifiques (Vu, 2009; Assane, 2011). Il s'agit de« *l'intangibilité*» du service qui se traduit par le fait que le service fourni aux clients est invisible, car on ne peut ni le toucher encore moins le montrer. Le service est « *hétérogène* », car deux clients sollicitant la même prestation n'obtiendront pas forcement le même service. Les résultats curieusement seront différents. La prestation est « *impalpable* », ce qui insinue qu'elle est dépourvue d'un corps ; puis « *périssable* » en ce sens qu'elle est consommée dès qu'elle est produit et ne peut en aucun cas être fabriquée à l'avance comme dans le cas des entreprises classique. En outre, l'activité du cabinet n'est pas une activité ordinaire, elle assume des responsabilités spécifiques liées à la profession portant sur la nature de la relation entre le client et l'auditeur.

A côté de ces caractéristiques, les firmes d'audit doivent incorporer les informations vitales venant de leur environnement, spécialement de leurs clients. Pour Assane(2011), le besoin d'information constitue le premier matériel de travail pour ce type d'organisation. Bell(1973) insiste sur le fait que les entreprises classiques travaillent sur des produits transformables, contrairement aux firmes d'audit qui travaillent avec les clients. Ce qui nécessite une ressource matérielle et intellectuelle importante. Il faut également noter que, lorsque le cabinet émet son opinion sur les états financiers, il engage sa responsabilité tant à l'égard de l'organisation qui l'a mandaté que des tiers utilisateurs du rapport d'audit. Ce qui n'est pas le cas des entreprises classiques où la vente du service n'engage pas nécessaire la responsabilité du fournisseur.

En nous fondant sur la théorie du capital humain (Becker, 1964), et de la théorie des ressources (Penrose, 1959; Wenerfelt, 1984; Barney, 1991), les cabinets d'audit étant un répertoire de connaissance où les compétences individuelles se produisent et se déprécient tout au long de la vie, leur acquisition est coûteuse et prend plus de temps, mais leur effet est durable. De plus, elle considère la connaissance comme n'étant pas un bien de consommation, mais plutôt un investissement conduisant à des revenus élevés. Si un cabinet d'audit fournit un service de qualité, une belle réputation, des services de qualité prestigieux auprès des clients, c'est grâce à son capital humain. D'après Penrose(1959), c'est justement l'hétérogénéité des services produits par les ressources qui fondent le caractère unique des cabinets d'audit.

En un mot, les cabinets d'audit se différencient des autres entreprises par un service intellectuel caractérisé par une collaboration étroite avec le client. Car le temps concentré à chaque client est élevé.

b) La performance du cabinet: Analyse et évaluation

Bon nombre d'études considèrent la performance comme une notion plurielle tant sur le plan académique que sur la base des débats télévisés, tout ceci grâce à son ambigüité. Pour Bourguignon(2000), la performance est définie « *Comme la réalisation des objectifs organisationnels, quelle que soient la nature et la variété de ces objectifs* ». Cette réalisation peut se comprendre au sens strict ou au sens large du processus qui mène au résultat (action). Cet avis n'est pas totalement partagé par Tchankam (2000), l'auteur compare cette notion à la capacité pour une organisation à faire mieux que ses concurrents dans le court, moyen et long terme.

Par ailleurs, la performance est avant tout un concept dont la définition peut prendre des sens variables à des fourchettes de temps différenciées et selon les utilisateurs. Salgado(2013), l'assimile à un «*mot valise*», pour la simple raison qu'elle prend en considération plusieurs acceptations. Le même constat est fait par Pesqueux (2004), qui insistait sur toute la difficulté à définir ce terme, à cause de sa grande polysémie. Il cite à cet effet quelques exemples d'utilisations du terme :

Dans le domaine de la physique : la performance s'assimile à un effet «utile ». Elle désigne un ensemble de qualité qui caractérise les prestations (accélération, vitesse maximale, autonomie) que possède un véhicule ou un aéronef.

Dans le domaine du sport: la performance se définit comme l'idée de la victoire acquise sur un adversaire mieux classé.

Dans le domaine de la gestion: elle s'assimile à la réalisation et à l'atteinte des objectifs de l'organisation, voire leur dépassement.

A côté de cette pluralité de sens, se pose également la problématique de l'indicateur de mesure. Evaluer la performance des cabinets suppose de bien apprécier ce que l'on entend par qualité de l'audit. En partant de la littérature académique, le concept de la qualité de l'audit se conçoit traditionnellement à partir de la définition de De Angelo (1981a);il s'agit de « *l'aptitude conjointe par laquelle un auditeur doit découvrir les distorsions dans les états financiers de l'entreprise cliente et le relever sur le marché*», cette définition se décompose en deux éléments:

– La compétence de l'auditeur qui se traduit par sa capacité à détecter les anomalies;
– L'indépendance de l'auditeur qui est l'aptitude à les révéler sur le marché.

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observables par le marché, la littérature propose les substituts comme la taille du cabinet et la réputation (Causse et Vu, 2012). Ces approches d'évaluation indirectes étant éthérées souffrent de la sélection adverse et des résultats parfois contradictoires. La non pertinence de ces attributs conduit bon nombre de recherches à redéfinir les règles du jeu et les critères d'évaluations des travaux d'audit (Wooten, 2003). En dehors de pouvoir vérifier les résultats, une possibilité consisterait à s'intéresser au processus qui y mène (Carcello et al, 1992). Une autre issue au sens de Tondeur(2003) serait d'apprécier la qualité de l'audit par les items de la compétence (*qualité de détection des fraudes*) et de l'indépendance (la *qualité de révélation de ces fraudes*). Manita (2009) en mettant en évidence 49 indicateurs de la qualité de l'audit dans le contexte tunisien, retient au final 11 indicateurs, donc six se rapportant aux processus technique et cinq autres pour la compétence.

Eu égard aux recherches qui ont apprécié la performance des cabinets par la qualité de l'audit, d'autres ont plutôt milité pour l'approche du Balanced Scorecard, (BSC) et le capital immatériel. Kaplan et Norton (1998) en prenant appui sur le tableau de bord propose les indicateurs regroupés en quatre axes: l'axe financier, l'axe client, l'axe processus et innovation et l'axe apprentissage organisationnel.

Face à l'hétérogénéité des dimensions et des indicateurs de mesure de la performance, il semble utile de construire un indice de mesure de la performance. Selon Mbangala(2007); Wele(2009), un indice agrégé regroupe une série de critères basées essentiellement sur les variables métriques. Cet indice permet de déterminer dans quelles mesures les unités observées sont gérées sur les bases commercialement viables. A cela il faut ajouter sa capacité à agréger chaque dimension de la performance en une seule variable. De plus il faut noter sa simplicité de mise en œuvre sur le plan méthodologique, une simplicité notamment fondée sur le recours des variables binaires (Evrard al, 2003). Selon ces auteurs, les variables binaires constituent la forme la plus élémentaire à laquelle peut être réduite toutes mesures.

c) *Les déterminants de la performance: Fondements empiriques*

Les cabinets d'audit, par les moyens et stratégies différentes sont tous dans la quête de la légitimité pour trouver ou confirmer leur place sur le marché de l'audit. Plusieurs facteurs dans la littérature interviennent dans la détermination de cette efficacité.

i. *Les facteurs spécifiques*

En nous appuyant sur les travaux pionniers de De Angelo (1981), l'indépendance de l'auditeur est un élément indispensable dans l'amélioration de la qualité du service qu'offrent les cabinets d'audit à leurs clients. Elle se traduit par son aptitude à révéler les incongruités sur le marché. En occurrence, Prat dit Hauret (2003) en France recense 16 facteurs d'indépendance pouvant expliquer la qualité du service du cabinet d'audit. Il ressort de cette étude que la limitation du nombre de mandat des auditeurs et l'offre d'autres services, en dehors de celui lié à la mission pourront être perçue comme un moyen efficace permettant d'atténuer la dépendance des cabinets d'audit envers leurs clients. D'après Richard (2000), le renouvellement du nombre de mandat au-delà de la norme prévue par la loi engendre une perte d'indépendance et favorise un lien de familiarité entre l'auditeur et l'audité. Ce qui fragilise naturellement la qualité du service dû au fait que l'auditeur est dépourvu de son regard critique puisqu'il est habitué à la mission et donc au cabinet. De plus, ce résultat vient à point nommé où l'acte uniforme OHADA au Cameroun proscrit le renouvellement du mandat au-delà de six ans.

Malheureusement, les principes des replis identitaires qui prônent la culture d'amitié, ainsi que la présence des liens humains assez forts dans nos sociétés font que les cabinets d'audit rentrent souvent dans les relations propres avec leurs audités (Sangue-Fotso, 2011; Djongoue, 2007). Ce qui emmène la majorité des cabinets et donc des auditeurs à formuler les rapports d'audit au sens voulu et avec un contenu voulu par le donneur de mission. Par ailleurs, Shockley (1981)et Knapp (1991) ne sont pas de cet avis, la qualité de détection des irrégularités et des anomalies dans les états financiers de l'entreprise cliente est positivement associée à l'ancienneté du mandat de l'auditeur. Au sens de Noubbigh (2008), une longue collaboration ne doit en aucun cas mettre en péril la qualité du service fournie, mais au contraire doit améliorer la lisibilité de l'auditeur dans la détection des incongrues. Pas très loin de ces résultats, Lim et Tan (2010) sur un échantillon de 12783 observations aux Etats-Unis entre 2000-2005 concluent que la qualité du service offert par les cabinets d'audit est fonction du nombre de mandat. Selon eux, la qualité de l'audit s'améliore avec le temps au cas où la dépendance financière est faible. A ce sujet, il ne faut pas perdre de vue que d'autres recherches se sont plutôt appesanties sur la rotation des auditeurs sur un dossier et la séparation de l'activité.

D'après Ben Saad et al (2007), les chances pour un cabinet d'audit d'être indépendant sont plus élevées lorsqu'il n'offre aucun service en dehors de celui liée à sa mission d'audit. Pour certains, la réalisation d'une mission de conseil par le cabinet d'audit peut être une source de richesse et pour d'autres une forme de paupérisation et de spoliation. Goldman et Barlev (1974) insinuent que l'activité de conseil offre un service non routinier et permet au cabinet d'être en position favorable avec son client. Cette position offre un cadre

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privilégié à l'auditeur afin de préserver mieux son indépendance. A contrario, on peut déduire de cet argumentaire que les missions de conseil permettent tant bien que mal aux cabinets d'audit de diversifier leurs activités afin d'être moins dépendants de leurs clients. En nous servant de la littérature développée ci-dessus, nous pouvons formuler l'hypothèse principale suivante.

H_1: Les facteurs spécifiques ont une influence significative sur la performance du cabinet

Cette hypothèse est subdivisée en quatre sous-hypothèses :

H1a: La taille du cabinet affecte positivement la performance

H1b: La longévité de l'auditeur avec le client croit avec la performance

H1c: Les honoraires d'audit affectent positivement la performance

H1d: La composition de l'équipe d'audit varie en fonction de la performance du cabinet

ii. *Les facteurs génériques*

Un dénominateur commun à tous les cabinets d'audit est leurs inscriptions à l'ordre des experts comptables, cela sous-entend que les auditeurs ont une compétence reconnue à partir du moment où au cours de leurs formations, ils ont acquis une expérience suffisante et des qualifications adéquates pour rendre un service de qualité. L'auditeur met en place une panoplie de jugements et prend une infinité de décisions lors de la conduite de sa mission (Ammar, 2006). Du moins, une telle activité aboutissant à une vérification sincère et régulière des états financiers devrait sans doute être conduite par une personne compétente. Eu égard à cette perception. En Taiwan, entre *1992-2006* sur un échantillon de 9183 cabinets, Yahn et al (2013) établissent une relation entre la taille du cabinet d'audit et la performance. Ainsi, les cabinets de grande taille offrent généralement à leurs collaborateurs des formations plus attrayantes que les petits cabinets ou les formations sont parfois dérisoires. En nous appuyant sur les travaux de Yahn (2013) sur la base d'un échantillon de 136 cabinets d'audit, Il ressort de cette étude qu'il existe un lien entre la formation des collaborateurs et la performance du cabinet. Ce qui présuppose que plus les collaborateurs des cabinets sont formés à la tâche, meilleure est leur performance dans la capacité de rendre un service de qualité.

Tondeur (2003) dans le contexte français a étudié les critères les plus importants dans la réalisation d'une démarche d'audit de qualité. Selon ses principaux résultats, la formation permanente des collaborateurs et la mise à jour de leurs connaissances est une première assurance de la qualité du service. Nul ne peut nier l'effet positif de la formation continue sur la performance du cabinet. En outre, pour certains auteurs, il faudra s'appuyer sur les technologies de l'information et de la communication. Selon Gingras et al(1989), l'introduction de l'informatique dans les organisations permet d'une part l'accessibilité accrue à l'information et facilite le contrôle des opérations et d'autre part, l'amélioration de l'efficacité et de la fiabilité de l'information financière et comptable. Dans le même sens, une étude comparative menée dans trois contextes différents (Tunisie, Maroc, France) par Ktat (2006) sur la base d'un échantillon de 150 cabinets, montre qu'il existe un lien significatif entre la technologie et la performance du cabinet. Sur un échantillon de 146 cabinets interrogés en France, Blum (2015) parvient aux résultats selon lesquels l'innovation est un facteur clef pour consolider, voire même améliorer la qualité de service et la performance du cabinet sur le long terme. Sur la base d'un échantillon de 109 auditeurs et directeurs financiers interrogés au Cameroun, Gandja (2014) conclue qu'un auditeur compétent doit posséder une formation, une qualification et une expérience adéquate pour fournir un audit de qualité à l'entreprise cliente. Ces résultats sont similaires à ceux de Flint (1988) et Lee (1993).

Cependant, certaines recherches ont milité en faveur du type de formation comme attributs de la qualité d'audit. Au sens de Chapelier et al (2011), les individus formés en comptabilité toléreraient un niveau d'abstraction et auront une plus grande habilité pour intégrer des masses importantes d'information. Ainsi, le type de formation représente un véritable enjeu pour le cabinet d'audit et la qualité de ses services car les individus ayant une formation de type comptable sont plus aptes à déceler les anomalies dans les états financiers.

Dans un environnement où les collaborateurs des cabinets adoptent un comportement rationnel, il est évident de conclure que la compétence de l'auditeur serait un élément motivant pour donner le meilleur de lui-même pour une vérification minutieuse des états financiers dont il a la charge. Ainsi, nous pouvons formuler l'hypothèse principale suivante :

H_2: Les facteurs génériques ont une influence sur la performance du cabinet

Elle se décompose en quatre sous-hypothèses:

H2a: L'informatisation du cabinet varie dans le même sens que la performance

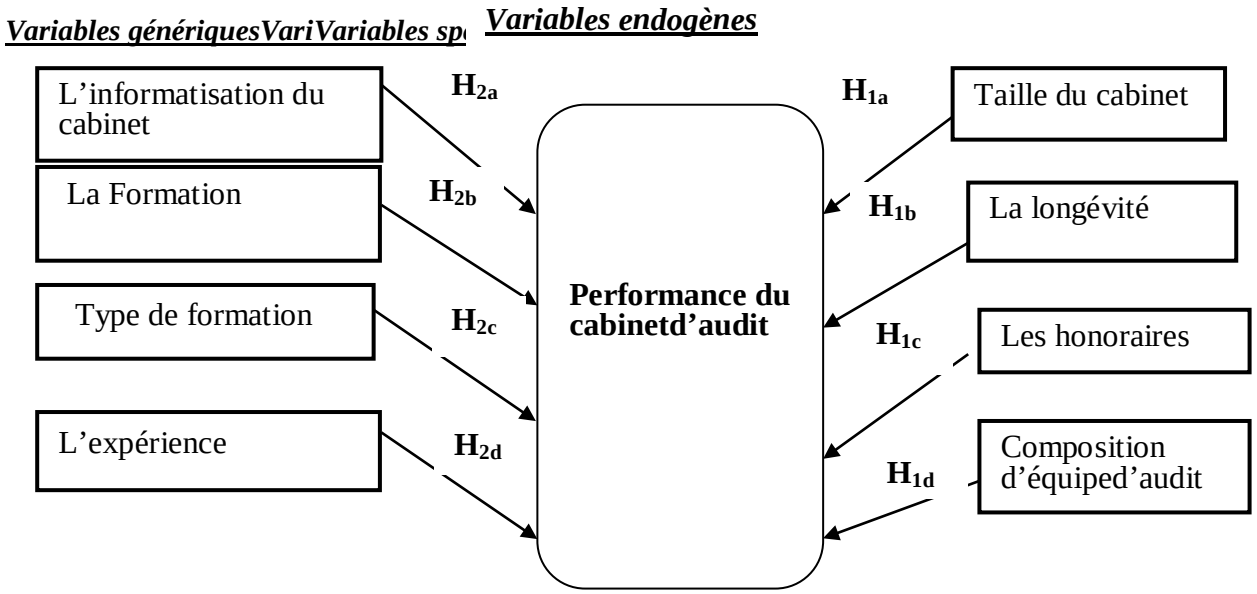
H2b: La formation de l'auditeur évolue dans le même sens que la performance

H2c: Le type de formation affecte positivement la performance

H2d: L'expérience de l'auditeur est associée positivement à la performance

De façon schématique, le cadre de recherche se présente est résumé par la figure 1.

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Source: A partir de littérature

Figure 1: Cadre conceptuel des facteurs déterminants la performance du cabinet

En partant de la synthèse de la littérature effectuée ci-dessous, il est possible de prédire qu'il existe un lien entre les facteurs génériques, spécifiques et la performance du cabinet d'audit. Néanmoins, en soumettant nos matériaux issus de l'échantillon au crible d'une analyse empirique, nous pourrons conforter cette prédiction. Avant d'y arriver, il serait nécessaire de faire un point sur le cadre méthodologique.

III. Cadre Méthodologique de Notre Etude

L'objet de cette section a pour but de présenter d'abord la procédure du choix de l'échantillon et la collectes des données, ensuite la construction du modèle théorique et l'opérationnalisation des variables, et enfin la présentation des outils statistiques d'analyse des données.

a) Echantillons, mode opératoire de collecte des données et outils statistiques

Le point de départ de notre recherche porte sur l'ensemble des cabinets d'audit inscrit à l'ordre des experts comptables du Cameroun (ONECCA) pour l'année 2016. Selon cette institution, nul ne peut prétendre exercer la profession d'expert-comptable ou du commissariat aux comptes s'il n'est pas préalablement inscrit au tableau de l'ONECCA (Loi n° 2011/009 du 6 Mai 2011 en son article 4). Pour collecter nos matériaux de recherche, nous avons au préalable élaboré un guide d'entretien portant sur la perception de la performance et de ses déterminants au Cameroun. Nous avons suivi une démarche empruntée à Churchill (1979). Cette technique a pour avantage de donner aux chercheurs de nombreuses informations de qualité qui peuvent être transmises aux questions théoriques. De plus, elle permet de construire avec rigueur les instruments de mesure de type questionnaire à échelle multi-items. De ce fait, 10 entretiens semi-directifs ont été effectués auprès des auditeurs camerounais plus précisément dans les villes de Douala et Yaoundé.

Dès lors, un questionnaire a été préparé et diffusé au mois de Mars 2016. Sur 70 cabinets d'audit enquêté, 52 cabinets ont été jugés exploitables, soit un taux de réponse de 74,28%(52/70) qui constitue enfin notre échantillon d'étude.

b) Modèle théorique et opérationnalisation des variables de recherche

En nous appuyant sur la synthèse de la littérature, celle-ci semble établir un lien entre les facteurs de contingence et la performance du cabinet. Néanmoins, l'approche positiviste semble être la mieux adaptée pour expliquer ce type de relation. Sur ce, nous avions construit à la lumière de Thiértart(2007) un modèle économétrique pour mettre en relief les facteurs déterminant la performance du cabinet. Ce modèle se présente comme suit:

$$PER = \beta_0 + B_i X_i + \mu_i \quad (1)$$

x_i représentant les variables explicatives, β_0 le terme constant, β_i les coefficients de régression, et μ_i le terme d'erreur. En effet, la forme développée est la suivante :

$$PER = \beta_0 + \beta_1 TAILCA + \beta_2 LONG + \beta_3 HONO + \beta_4 COMPOEQUIP + \beta_5 INFOCA + \beta_6 FORMA + \beta_7 TYPEFOR + \beta_8 EXP + \mu_i \quad (2)$$

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En partant de l'équation (2), *PER* désignant la performance est la variable à expliquer de notre modèle. Pour sa mesure, nous nous sommes servis de quatre dimensions appuyées des travaux de Kaplan et Norton(1998). Il s'agit respectivement de la dimension organisationnelle, financière, sociale et commerciale. Pour chacune de ces dimensions, une échelle de Likert à cinq points a été affectée à chaque item (1=très faible, 2=faible, 3= moyen, 4=élevé, 5= très élevé).

Au regard du fait que la performance est une variable multidimensionnelle, nous avons fait recours à la construction d'un indice qualité-performance. Cette technique consiste à agréger les items d'une dimension en une seule variable. En nous appuyant sur Nagar et Basu (2002), l'analyse en composantes principales (ACP) a pour rôle non seulement de rechercher l'interdépendance entre les variables, mais aussi d'agréger une bonne quantité d'informations en un ensemble restreint de dimension composite d'information tout en assurant une perte minimale. Correia et al. (2009) soulignent que les indices dérivés de l'ACP les plus utilisés sont issus soit du premier facteur soit de la moyenne proportionnelle de tous les facteurs obtenus avec les poids représentés par les variances proportionnelles de chacune (les valeurs propres). Mais, dans le cas d'espèce, la première méthode a été retenue, c'est-à-dire celle qui consiste à calculer la moyenne proportionnelle des facteurs. A cet effet, pour calculer l'indice qualité performance(IQP), nous avons utilisé la formule suivante :

$$IQP = \frac{IQP_i - \text{Min (IQP)}}{\text{Max (IQP) - Min (IQP)}}$$

Précisons que le calcul de l'indice qualité performance(IQP) est effectué sur une échelle allant de 0 à 1. La valeur 0 désigne le niveau le plus faible et 1 le niveau le plus élevé. C'est ainsi qu'en appliquant la même technique que nous sommes parvenu à un sous-indice lié chacune aux dimensions de la performance :

- Sous- indice lié à la dimension organisationnelle (IQP-ORG);
- Sous-indice lié à la dimension financière (IQP-FINAN) ;
- Sous-indice lié à la dimension sociale (IQP-SO) ;
- Sous-indice lié à la dimension commerciale (IQP-COM).

En revanche, le tableau 1 récapitule le poids de chaque dimension de l'indice global de la performance. En scrutant ce tableau, l'indice global de la qualité de la performance du cabinet dépend à *25,51%* de la dimension organisationnelle, à *20, 93%* de la dimension financière et économique, à *32, 31%* de la dimension sociale *et à* 27,17% de la dimension commerciale.

Tableau 1: Poids des critères et des dimensions à la constitution de l'indice global

Dimensions de la performance	*Items*	*Contribution moyenne Par facteur*		*Contribution de la dimension*
		Poids	*%*	*%*
organisationnelle	*Fidélité des clients*	*-0,147*	*3,062*	*25,51*
	Bonne réputation du cabinet	*0,411*	*1,675*	
	Satisfaction du client	*0,629*	*1,286*	
	Croissance en nombre de client	*0,779*	*1,194*	
	Qualité du service rendu aux clients.	*0,294*	*1,006*	
	Variation de l'effectif du personnel	*0,722*	*0,909*	
	Respect du délai par le cabinet	*0,348*	*0,762*	
	Traitement des plaintes des clients	*0,617*	*0,702*	
	Meilleurs encadrement des collaborateurs.	*0,268*	*0,452*	
	Connaissance linguistique par les collaborateurs.	*0,524*	*0,351*	
	Taux de satisfaction des collaborateurs.	*0,531*	*0,327*	
	Nombres de suggestion par les employés.	*0,363*	*0,273*	
Financière et économique	*L'évolution du chiffre d'affaire*	*0,333*	*1,316*	*20,93*
	Nombres de nouveaux marchés	*0,785*	*1,230*	
	La croissance du résultat	*0,709*	*1,043*	
	La satisfaction des associés	*0,152*	*0,862*	
	L'évolution du bénéfice net	*0,199*	*0,712*	
	La croissance des cash-flows	*-0,558*	*0,637*	
	L'autofinancement du cabinet	*0,233*	*0,524*	
	Le règlement à temps le salaire	*0,843*	*1,616*	

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Sociale	*des collaborateurs*			*32,31*
	Traitement équitable des collaborateurs.	*0,807*	*1,226*	
	La prise en charge des collaborateurs malades.	*0,503*	*0,969*	
	Respect des droits des collaborateurs.	*-0,004*	*0,714*	
	Faible taux d'absentéisme des collaborateurs	*0,036*	*0,476*	
Commerciale	*Etre toujours sur le marché*	*0,367*	*1,359*	
	Etre le meilleur dans sa catégorie en termes de qualité de service.	*0,011*	*1,326*	
	Parvenir à une grande notoriété dans le domaine du service	*-0,579*	*0,933*	
	Assurer la disponibilité permanente du service.	*0,515*	*0,856*	
	Recevoir peu de plaintes des clients.	*0,790*	*0,527*	
	tenir face à la lutte concurrentielle.	*0,677*	*0,730*	
	Total	***12,585***	***100***	***100***

Source : Analyse des données

Concernant les variables dépendantes, TAILLECA représente la taille du cabinet exprimée en fonction du nombre des collaborateurs exerçant dans le cabinet. LONG désigne le nombre de renouvellement du mandat de l'auditeur par son client. HONO insinue les honoraires d'audit. COMPOEQUIP représente la composition de l'équipe d'audit. INFOCA représente l'informatisation du cabinet exprimée en nombre d'ordinateurs, de logiciels et d'imprimantes. FORMA désigne la formation de l'auditeur. TYPEFOR désigne le type de formation de l'auditeur exprimée sous forme de variables dichotomiques (1=gestion et 0 sinon). EXP représente le nombre d'années passées dans le cabinet. Le tableau n°1 présente la synthèse de la mesure des variables.

Tableau 2: Caractéristiques des variables et leurs mesures

Variables et	Echelles et mesures
Variable dépendante : performance du cabinet	
PER	*Per: désigne la performance du cabinet. Elle est constituée de cinq dimensions toutes mesurée par une échelle de Likert à cinq points. C'est donc une variable*
Variables indépendante : Les facteurs de contingence	
Variables spécifiques (l'indépendance de l'auditeur)	
TAILLECA	*Tailca: désigne la taille du cabinet, c'est une variable ordinale prenant la valeur 1 si l'effectifs des collaborateurs est inférieur à 5 ; la valeur 2 s'il est compris entre 6 et 10 collaborateurs ; 3 pour 10 à 15, et 4 pour plus de 15 collaborateurs.*
LONG	*Long: désigne la longévité de l'auditeur avec son client. Elle est une variable ordinale qui prend la valeur « 1» si le client n'a jamais renouvelé le mandat du cabinet ; « 2 » si le client l'a fait une seule fois ; « 3» si le client l'a fait plus de deux fois.*
HONO	*Hono: désigne les honoraires du cabinet. Elle est une variable ordinale qui prend la valeur «1» si les honoraires sont à la hausse ; et «2» à la baisse.*
COMPOEQUIP	*Compoéquip : renvoie à la composition de l'équipe d'audit. C'est une variable ordinale qui prend la valeur «1» si l'équipe possède l'expérience ; « 2 » s'il possède les compétences ; et «3» pour la formation ultérieure.*
Variables génériques (compétence de l'auditeur)	
INFOCA	*Infoca: désigne le degré d'informatisation du cabinet. C'est une variable métrique qui est mesuré par le nombre d'ordinateurs, d'imprimantes, de photocopieurs, et du type de logiciels détenus par le cabinet.*
FORMA	*Forma: désigne la formation de l'auditeur. Elle est une variable nominale qui prend la valeur «1» si le cabinet ne recycle jamais son personnel, « 2» s'il le fait parfois; « 3» s'il le fait toujours.*

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TYPEFOR	*Typeforma: représente le type de formation de l'auditeur. c'est une variable dichotomique qui prend la valeur «1» si la formation est de type-gestionnaire ; et «0» sinon. C'est donc une variable binaire.*
EXP	*Exp: renvoie à l'expérience de l'auditeur. c'est une variable ordinale qui prend la valeur «1» si le nombre d'années d'expérience est inférieur à 2, la valeur « 2» si le nombre d'années est compris entre 2 et 5 ans, et la valeur « 3 » si le nombre d'années est supérieur à 5 ans.*

i. *Outils statistiques mobilisés*

En ce qui concerne les outils statistiques mobilisés, les matériaux ont été traités grâce au logiciel SPSS. Pour ce faire, nous avons utilisé le tri à plat pour l'analyse descriptive, la corrélation linéaire de Pearson pour l'analyse bi variée et la régression linéaire multiple pour l'analyse multi variée. L'intérêt de cette dernière technique est qu'elle prenne en considérations les interrelations pouvant exister entre les variables.

IV. Résultats et Discussions

Les résultats de l'étude sont présentés distinctement selon que l'analyse est descriptive ou explicative.

a) Résultats

i. *Résultats de l'analyse descriptive*

Dans ce qui suit, l'analyse descriptive présente les caractéristiques de l'échantillon et celles de la qualité de la performance.

– Caractéristiques de l'échantillon

Concernant la forme juridique du cabinet, *63,5*% sont des SARL, 15,4% représentent les cabinets individuels, 13,5% pour les sociétés anonymes (SA) et enfin, *7,7*% pour les SAS.

Pour ce qui est du secteur d'activité, nous constatons que *42,3*% représentent l'expertise comptable, *21,2* %pour le CAC. Parmi eux, *17,3*% sont des cabinets qui font dans les trois activités à savoir le CAC, l'expertise comptable, 'expertise judiciaire en comptabilité, *11,5*% font uniquement l'expertise judiciaire en comptabilité. *7,7*% exercent les deux activités (CAC et expertise comptable).

Les cabinets d'expertise sont des entreprises dont l'effectif n'est pas très élevé. Notre échantillon montre que, *36,5*% *re*présentent les cabinets dont l'effectif est compris entre 6 et 10 collaborateurs, les acteurs les plus dynamiques du cabinet sont ceux qui appartiennent à cet intervalle. Ils sont suivis de *32,7*% pour les cabinets dont l'effectif est inférieur à 5 collaborateurs, puis *19,2*% pour les cabinets dont les collaborateurs sont supérieurs à 15 et *11,5*% pour ceux dont l'effectif est compris entre 10 et 15 collaborateurs.

Concernant l'appartenance du cabinet à un réseau international, *90,4*% de notre échantillon n'appartiennent pas à un réseau international, contre une petite proportion qui en fait partie (*9,6*%) *à savoir les Big Four c'est-à-dire* KPMG, PwC, E&Y et Deloitte.

S'agissant du profil des répondants et au regard de leurs fonctions, *23,1* % représentent majoritairement et respectivement les chefs de missions et les auditeurs juniors, ceux-ci sont suivis des associés qui représentent *21,2*%.Par contre, *13,5*% seulement correspondent aux séniors-managers et aux auditeurs séniors et *5, 8*% pour les confirmés.

Concernant le genre, *80,8*% correspond aux hommes, contre une faible proportion des femmes ayant accès à l'activité des cabinets (*19, 2%).* Ces statistiques nous laissent croire que peu de femmes sont intéressées à l'activité d'audit. Par ailleurs, pour ce qui est de la pyramide des âges, les répondants les plus jeunes représentent un gros pourcentage de notre échantillon (*44, 2%).* Cette tranche d'âge est comprise entre 25 et 35 ans. Ensuite, viennent ceux dont l'âge est compris entre 35 et 45 ans (*21, 2%). 13, 5%* correspondent respectivement à ceux dont l'âge est compris entre 45 à 55 ans; et 55 à 65 ans. Cependant, une faible proportion de notre échantillon correspond à ceux dont l'âge est inférieur à 25ans (*5, 8%).* Ces statistiques montrent une population relativement jeune.

En ce qui concerne le niveau d'éducation, la totalité de nos répondants ont fait l'enseignement supérieur (*100%).* Ce qui justifie une forte connaissance pouvant contribuer à l'exercice de l'activité d'audit légal.

– Caractéristiques de la qualité de la performance

En partant de l'ACP, l'alpha de Crombach présenté au tableau 3 nous permet de déduire que les items mesurant l'ensemble des dimensions de la performance peuvent se prêter à une analyse.

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Tableau 3: *Statistique de fiabilité et de l'indice de KMO* de l'ensemble des items

Items	*Communalités*	*Facteurs*
Croissance en nombre de clients	0,442	0,665
Qualité de service rendu aux clients	0,633	0,796
Respect du délai par le cabinet	0,664	0,815
Respect du droit des collaborateurs	0,380	0,617
Valeur propre initiale du facteur 2,120		
% de variance expliquée 52,997		
% de variances cumulées 52,997		
Alpha de Crombach0,762		
KMO =0,701; Bartlett= 36,708; ddl=6; P=0,000		

Source: Analyse des données

A la lumière du tableau 3, nous constatons que le score d'alpha de Cronbach de l'ensemble des dimensions de nos variables dépendantes sont d'un niveau satisfaisant (α=**0,762**). Ces résultats témoignent une bonne fiabilité ou alors d'une bonne cohérence interne entre les items. Les indices de KMO et le test Bartlett nous donne des résultats qui sont très satisfaisant et respecte également les normes, Soit (KMO= 0,701; Bartlett= 36,708; ddl=6; p= 0,000). Ce qui permet de déduire qu'il y'a une bonne corrélation entre les items. Il ressort de cette analyse que *52,997%* explique la variance totale, Soit 2,120 pour la valeur propre. En revanche, la matrice des composantes montre également que tous les items retenus par l'analyse ont une contribution supérieure à 0,5 (soit 0, 0,617 à 0,815). Globalement, ce résultat nous pousse à penser que la performance des cabinets d'audit de notre échantillon est pour la majorité ceux qui militent pour la croissance en nombre de client (*0,665*), pour la qualité de service rendu aux clients (*0,796*), le respect du délai par le cabinet (*0,815*), et le respect du droit des collaborateurs (*0,617*).

En appliquant la formule relative à la construction de l'indice, nous sommes parvenus au tableau 4. Il ressort de ce tableau descriptif que l'indice global (IG) est en moyenne égale à 0,7727 ; ce qui est bien supérieur à 0,5. Ce qui nous permet de déduire qu'une bonne proportion de notre échantillon a un indice de performance « *très élevé* », soit au-dessus de la moyenne. Nous constatons également que l'ensemble des sous-indices a une valeur supérieure à 0,5. Ce qui réitère un indice de performance « *élevé* ».Nous avons déduit à cet effet que la performance d'un cabinet est de bonne qualité si et seulement si l'indice global et les sous–indices ont une moyenne supérieure à 0,5.

Tableau 4: Statistiques de l'indice qualité de performance du cabinet

	N	Min	Max	Moyenne	Ecart type
IQP_ORG	52	0	1	0,7727	0,18454
IQP_FIN	52	0	1	0,6834	0,23957
IQP_SO	52	0	1	0,5479	0,24533
IQP_COM	52	0	1	0,5771	0,26598
IG	**52**	**0**	**1**	**0,7727**	**0,18454**

Source: Analyse des données

ii. *Résultat de l'analyse explicative*

Dans le souci d'approfondir nos résultats, il est important que nous procédions à l'analyse multi variée. L'intérêt de cette technique est qu'elle prend en compte les interrelations pouvant exister entre plusieurs variables. Ceci étant, il est préférable de vérifier l'existence éventuelle d'un problème sérieux de multi colinéarité entre les variables à introduire dans le modèle.

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Tableau 5: Matrice de corrélation de Pearson

	TAILCA	LONG	HON	COMPEQUIP	INFOCA	FOMA	TYPFOR	EXP	INDORG	INdFI	INDSO	INDCO
TAILCA	1,000											
LONG	,166	1,000										
HON	,040	0,041	1,000									
COMEQUIP	-,041	0,025	-,164	1,000								
INFOCA	-,239	0,139	-,289*	-0,045	1,000							
FOMA	-,089	-0,062	-,130	-0,163	,312*	1,00						
TYPFOR	-,145	-0,139	-,052	,045	0,020	,101	1,00					
EXP	,139	-0,003	-,202	,105	0,141	,083	-,141	1,00				
INDORG	-,073	-0,033	,021	-,347*	0,177	,274*	,152	,204	1,00			
INDFI	,336*	0,211	-,277*	0,023	0,182	,136	-,182	,433**	,214	1,0		
INDSO	-,137	-,169	-,084	-,013	0,259	,054	,105	,474**	,303*	,054	1,0	
INDCO	,310*	,183	-,247	0,324*	-,115	,024	-,217	,314*	,140	0,13	0,25	1,0

**, ** significatifs respectivement au seuil de 5 et 10%*
Sources: Analyses des données

Nous observons que la taille du cabinet a une influence significative et positive sur l'indice financier et commercial (au seuil de 5%). On observe également au même seuil une relation négative et significative entre la composition de l'équipe de l'audit et l'indice organisationnel, puis positif et significatif pour l'indice commercial. Enfin une relation positive et significative entre l'expérience de l'auditeur et l'indice financière et sociale (10%). Les autres variables n'ont pas de relations significatives avec la performance. Concernant les corrélations entre les variables indépendantes, bien que certaines corrélations soient significatives, aucun problème de multi colinéarité entre les variables n'est décelé, car les coefficients de corrélation sont inférieur à 0,7 (Kevin, 1992). Ceci étant, le tableau ci-dessous restitue les résultats de l'estimation.

Tableau 6: Regroupement des estimations des paramètres du modèle

Variables	*Performance du cabinet*			
	Ind -org	*Ind-fi*	*Ind-so*	*Ind-com*
TAILCA	-0,188 (-0,146)	0,283** (0,230)	-0,268*** (-0,194)	0,067 (0,056)
LONG	0,087 (0,094)	0,225 (0,251)	-0,052 (-0,052)	-0,123 (-0,143)
HONO	0,077 (0,160)	-0,234** (-0,503)	0,153 (0,082)	-0,229** (-0,471)
COMPEQUIP	-0,307** (-0,395)	0,017 (0,023)	-0,145 (-0,174)	0,260*** (0,363)
INFOCA	0,197 (0,287)	-0,049 (-0,075)	-0,104 (-0,141)	0,189** (0,297)
FORMA	0,255*** (0,326)	0,123 (0,164)	0,022 (0,027)	0,096 (0,133)
TYPFOR	0,243*** (1,508)	0,835 (-0,154)	0,145 (0,838)	-0,366** (-2,453)

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EXP	0,344** (0,547)	0,337** (0,557)	0,581* (0,861)	0,051 (0,087)
Constante	-1,691	-0,278	0,100	1,466
R	0,632	0,689	0,660	0,621
R^2	0,399	0,475	0,436	0,386
Erreur standard	0,76214	0,74077	0,68767	0,83335

, **, * significatif respectivement aux seuils de 1%, 5%, 10%.*

V. Discussion des Résultats et Conclusion

a) Discussion des résultats

A travers le tableau 6 ci-dessus, nous pouvons tirer plusieurs enseignements:

On peut remarquer que, en ce qui concerne le test de spécification et de robustesse du modèle, que les variables représentant les facteurs non spécifiques(constantes) sont non significatifs pour l'ensemble des variables. Par ailleurs, le R^2 d'une part nous permet d'observer que les variables caractérisant les facteurs spécifiques et génériques expliquent la performance à 39,9% lorsqu'elle est appréhendée par l'indice organisationnel, 47,5% pour l'indice financier, 43,6% pour l'indice social, 38,6% pour l'indice commercial.

Au regard de ces résultats, nous constatons que *la taille du cabinet a un effet significatif et positif au seuil de 10% sur la performance lorsqu'elle est captée par l'indice financier, ensuite, ce lien est négatif et significatif au seuil de 5% pour l'indice social.* Ces résultats nous permettent de valider la première sous-hypothèse *($H1_a$).* Ceci corrobore à plusieurs recherches antérieures (Vu, 2009; Favier, 2013) en France, Yahn et al (2013) au Vietnam et de De Angelo (1981a) en contexte américain. Ce résultat insinue qu'au Cameroun, les cabinets d'audit ont une performance modeste lorsque leur taille devient importante, et moins performante lorsque la taille diminue.

Dans le même rôle, nous remarquons également que *la longévité de la relation entre l'auditeur et son client n'a aucun effet significatif sur la performance quel que soit l'indicateur de mesure utilisé.* Ce résultat est contraire à nos prédictions théoriques selon *lesquelles la performance du cabinet varie significativement en fonction de la longévité de la relation avec son client(H_{2b}).*Ce résultat corrobore les travaux de Carcello et al (2004) selon lesquels il n'existe aucune relation significative entre la longévité de l'auditeur et la fraude. Ceci peut s'expliquer par le fait qu'en contexte camerounais, l'enracinement des auditeurs avec leurs clients se matérialise par les relations de connivence, de replis identitaires et autres complicités.

Concernant les *honoraires d'audit*, nous observons une relation significative et positive au seuil de 5% entre les honoraires d'audit et la performance lorsqu'elle est appréhendée par l'indice financier. Ce qui insinue que plus les honoraires de l'auditeur augmentent (à la hausse), plus le cabinet d'audit est performant car, les honoraires à la hausse améliorent la capacité de réaction de l'auditeur vis-à-vis de ses clients ainsi que la qualité de ses services. Dans ce cadre, *l'hypothèse H_{2c} selon laquelle la performance varie significativement en fonction des honoraires d'audit est validée.* Ce résultat est conforme aux conclusions de plusieurs travaux (Foka et al, 2017; Hay et al; 2000; Manita et al, 2007; Osillivan, 2000; Palmrose, 1988).

En ce qui concerne *la composition de l'équipe de l'audit*, nous constatons un lien significatif et positif au seuil de 5% et 10% entre la composition de l'équipe de l'audit et la performance lorsqu'elle est mesurée respectivement par l'indice commercial, puis significatif et négatif au seuil de 5% pour l'indice organisationnel. Ce résultat conforte *l'hypothèse H_{2d} selon laquelle la performance du cabinet varie significativement avec la composition de l'équipe de l'audit.* Il corrobore les constats précédemment observés dans les études théoriques et empiriques ayant analysé le lien entre les facteurs spécifiques et la performance (Langevin, 2003 ; Manita, 2008). Ce résultat évalue les chances d'avoir un service de bonne qualité lorsque le cabinet d'audit compose une équipe d'audit constituée des collaborateurs expérimentés.

Nous constatons un lien significatif et positif au seuil de 5% *entre l'informatisation du cabinet (type de logiciel, le nombre d'ordinateur et d'imprimante) et la performance lorsqu'elle est mesurée respectivement par l'indice commercial*. En s'alignant sur l'argumentaire de Ktat et al(2006), Trigui et al (2007) en contexte français, ce résultat insinue que la chance pour les cabinets d'audit de notre échantillon d'avoir une performance acceptable se présente lorsqu'ils utilisent une quantité importante d'outils informatiques dans une mission d'audit. Ce qui signifie que plus le cabinet utilise un nombre important d'outil informatique, plus il rend un service de qualité. Gingras et al (1989) empruntant les même voix montrent que l'introduction de l'informatique

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dans les organisations permet d'une part une accessibilité accrue à l'information et rend facile les tâches pénibles, et d'autre part permet d'engendrer les gains et de rehausser la productivité. Ce qui nous emmène à valider notre *hypothèse selon laquelle la performance du cabinet varie significativement en fonction de l'informatisation du cabinet.*

Concernant la *formation de l'auditeur,* les résultats révèlent qu'elle a un lien significatif et positif sur la probabilité d'avoir une performance de qualité. Ce lien est significatif au seuil de 10% si la performance est appréhendée par l'indice organisationnel. Conformément à nos prédictions, ces résultats corroborent ceux de Gandja(2014); Flint (1988) Lee(1993), Herrbach (2000) selon lesquels la formation est un moyen permettant d'inciter les collaborateurs de s'adapter à la vie d'un cabinet, à son fonctionnement et ses méthodes de travail. C'est également un vecteur de la performance des organisations. Plus l'auditeur est formé à la tâche, plus le cabinet à la chance d'offrir à ses clients un service de qualité. Ce qui nous permet de valider notre *hypothèse selon laquelle la performance du cabinet varie significativement en fonction de la formation de l'auditeur.*

Dans le même rôle, l'étude relève qu'il existe un lien entre le *type de formation de l'auditeur* et la performance. Ce lien est significatif et positif au seuil de 10% lorsque la performance est appréhendée par l'indice organisationnel, négatif et significatif au seuil de 5% lorsque la performance est captée par l'indice commercial. Ceci trouve satisfaction dans les études de Chapelier et al (2011) en ce sens que le type de formation est un moyen important pour rendre un auditeur plus habile à l'utilisation des données comptables. D'autant plus que l'auditeur est un « *amoureux* » des chiffres, il sera plus apte à déceler les anomalies dans les états financiers que celui qui n'est pas doté de cette formation. D'où la nécessité de valider *l'hypothèse selon laquelle la performance du cabinet varie significativement en fonction du type de formation*.

De même comme le type de formation, *l'expérience de l'auditeur* a un effet sur la performance. Ce lien est significatif et positif au seuil de 5% lorsque la performance est mesurée respectivement par l'indice organisationnel et financier, et au seuil de 1% pour l'indice social. Ce résultat conforte plusieurs recherches antérieures (Ammar, 2006; Flint, 1988). Il confirme également les conclusions de Gandja(2014), Foka et al(2017) en ce sens que la qualité de l'audit fourni par le cabinet dépend du nombre d'années d'expérience de l'auditeur. Du moins, plus l'auditeur est expérimenté, plus le cabinet a la chance d'offrir un service de qualité. Ainsi, *l'hypothèse de recherche selon laquelle l'expérience varie significativement avec la performance est acceptée.*

D'une façon synthétique, les cabinets d'audit au Cameroun éprouvent encore de sérieuses difficultés malgré les avancées notables connues pendant cette décennie, contrairement à ceux des pays émergents. Cette tendance s'affirme dans la mesure où la majorité des cabinets subissent encore une dégradation continue des indicateurs de performance dont la qualité du portefeuille (IQP-FIN) ainsi que sociale (IQP-SO). Par conséquent, la plupart des cabinets nationaux succombent à la moindre proposition de leurs clients concernant l'habillage des comptes. Néanmoins, au regard de ces résultats, tout porte à croire que les facteurs de contexte expliquent à des dégrée divers la performance des cabinets.

VI. Conclusion

Au final, le présent papier s'inscrit dans un courant de littérature qui tend à considérer les facteurs spécifiques et génériques, comme un levier pertinent permettant d'améliorer la performance des cabinets d'audit. Néanmoins, l'étude avait une spécificité, vérifier la relation qui existe entre ces facteurs et la performance. En analysant l'indice agrégé fourni par les données de l'échantillon tirées des cabinets d'audit au Cameroun, il ressort que les cabinets de notre échantillon sont bien notés en matière de la performance, car leur indice global se chiffre à 0,7727 qui est largement supérieur à la moyenne. Toutefois, nous avions décomposés l'indice global (IG) de la performance en sous-indice afin de mieux cerner l'effet de chacun d'entre eux. En revanche, la contribution réelle des facteurs de contexte à un meilleur indice qualité de performance des cabinets reste en suspens. La valorisation de nos principaux résultats à travers une étude de cas serait un complément aux résultats déjà existant. Il serait également souhaitable d'appliquer à l'étude les méthodes d'équations structurelles afin de mieux apprécier nos résultats.

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Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 19 Issue 2 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Accounting for the Environmental Impacts of Cement Production on Host Communities: A Case Study of Ewekoro, Nigeria

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Abstract- The contribution of manufacturing sector of the Nigerian economy cannot be ignored and cement production occupies a notable position in this sector. The cement industry of the manufacturing sector contributes to the growth of the economy through its sales and distribution chain, job creation, monetary circulation and lots more. However, the production process has both economic and environmental impacts on host communities as raw materials are continuously drawn-up to keep production functioning and toxic waste material are released back into the natural environment. This paper examines the environmental and economic impact of cement production of Lafarge WAPCO on local inhabitants of Ewekoro Local Government Area, Nigeria using descriptive survey design and data collected with the aid of a close ended questionnaire and scheduled interview with households.

Keywords: environmental impacts, cement production, pollution, toxic waste, economic effect.

GJMBR-D Classification: JEL Code: M41



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Accounting for the Environmental Impacts of Cement Production on Host Communities: A Case Study of Ewekoro, Nigeria

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Abstract- The contribution of manufacturing sector of the Nigerian economy cannot be ignored and cement production occupies a notable position in this sector. The cement industry of the manufacturing sector contributes to the growth of the economy through its sales and distribution chain, job creation, monetary circulation and lots more. However, the production process has both economic and environmental impacts on host communities as raw materials are continuously drawn-up to keep production functioning and toxic waste material are released back into the natural environment. This paper examines the environmental and economic impact of cement production of Lafarge WAPCO on local inhabitants of Ewekoro Local Government Area, Nigeria using descriptive survey design and data collected with the aid of a close ended questionnaire and scheduled interview with households. The questionnaire was administered on a total of 150 respondents. Data was analysed using the Chi Square statistic at 5% significance level.. Findings indicate that cement production is a major factor influencing the environment and economics of people of Ewekoro Local Government Area in Nigeria with impacts on farms (75%), marine life (52%), roofs on houses (91%), water(77%) and air quality(68%). The association between cement production and environmental impacts is quite strong as shown through Chi Square results as $p<0,05$ for each variable. It is recommended that hygienic treatment of all waste before release into the environment is imperative. The federal, state and local governments as well as her agencies saddled with environmental management and maintenance especially NESREA should ensure total compliance to policies regulating the disposal of waste by manufacturing companies while sanctions should be meted on violators. Suitable tax regimes should be imposed on such production to cater for remediation and interventions.

Keywords: environmental impacts, cement production, pollution, toxic waste, economic effect.

I. Introduction

a) Background to the Study

There is increasing interest in environmental protection at all levels and across climes such that environmental regulations and methodologies for enforcement, in most countries, are becoming rapidly outdated. This poses a challenge to accounting which has grappled for methods of measuring and disclosing environmental activities of man through its traditional role of recording and reporting financial information as well as managing environmental performance. So, accounting can perform an important role in relation to environmental issues. The inclusion of environmental dimension in the traditional accounting system at all levels (company, sector, government and nation-wide) will result in adjustment to economic indicators. This will enable different users of financial statements, at all levels, to take sound decisions that support sustainable development. Sustainable development demands responsible behaviour in relation to natural resources and the environment in general (Owolabi, 2007; Olatunji, 2012).

The establishment of the cement production plant at Ewekoro has both beneficial and adverse effects for the environment and its inhabitants. The environmental impacts can be described as adverse while the economic impacts are beneficial. These impacts could include pressure on local housing, market and increase in community conflict and crime, degradation of ecosystems and elimination of traditional means of livelihood. However, the creation of supporting social infrastructure such as schools, hospitals and so on may transform a previously remote area and investment in transport facilities may improve accessibility to other centers of economic activities, further enhancing its prospect for development. Cement is the most common and widely used building material in the world and its by-product concentrate is the second most consumed substance universally after water. Unlike in areas where close substitutes like brick are used in the construction industry, cement constitutes over 95 percent inputs of basic infrastructural developments in Nigeria.

The air pollution encountered in cement production has however been a source of major concern in the sustainability of rural livelihoods especially with regard to food crop production. Studies in Tanzania revealed that symptoms of heavy metal poisoning such as sensory disturbance, hyporeflexia, tremor, gingivitis, metallic taste, neuroasthenia and night blindness are common (Harada, Nakachi, Cheu, Hamada, Ono, Tsuda, Yanagida, Kizuki and Ohno,

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1999). In the last five years, studies on environmental impact of limestone mining and processing in Sagamu (Sagamu, Ogun State, Nigeria) have revealed a declining kola nut output from the plantations within a few kilometers radius of the cement factory (Adekoya, 2003; Aigbedion, 2005). It is therefore, with the background of the economic and environmental issues faced by residents of Ewekoro that this study sets out to account for environmental and economic consequences of cement production pollution in the society, specifically to inhabitants of Ewekoro Local Government Area of Ogun state.

b) Statement of the Problem

Manufacturing companies, whether private or government owned, engage in production activities for the purpose of making profit. This however, possesses a great deal of threat to the environment and human economic survival. Governments in recent times from the national to the local level have evolved ways of combating the effects of industrial pollution. This has the governments to set up bodies and programmes to reduce the effects of industrial pollution on the society. The quest for industrial growth has led to increased number of industries and hence increases of industrial pollution. Makoju (2010) wrote that Nigeria with its population of over 150 million people presents a huge - market for any good product, cement inclusive. Nigeria is abundantly endowed with the basic input into cement manufacturing with the exception of gypsum which only occurs in thin-vein layer (Mojekwu, Idowu and Sode, 2013). Lafarge WAPCO Cement Plc, whose establishment in Ewekoro Local Government Area has created lots of problems to the inhabitants since 1957 when lots of cement dust had been emitted into the environment there by affecting the host communities. The attention of this research here is to account for the impact of these pollutants on the environment and economy of host communities in Ewekoro Local Government Area of Ogun State.

c) Research Questions

The following research questions guided the study:

i. To what extent does cement production affect farm produce in Ewekoro Local Government Area?
ii. What is the nature of impact that cement production has on water sources and quality in the study area?
iii. What are the economic implications of cement production on the livelihoods of local community in Ewekoro Local Government Area of Ogun State?

d) Objectives of the Study

The main objective of this study is to account for the impact of cement production activities on the environment and economy of inhabitants of Ewekoro Local Government Area. The specific objectives are:

i. To examine the effect of cement dust pollution on farm produce in Ewekoro Local Government of Ogun State;
ii. To assess the impacts of cement dust pollution on water sources and water quality; and,
iii. To investigate the economic implications of cement production on the livelihoods of Ewekoro Local Government Area of Ogun State.

II. Review of Related Literature

Jacob (2014), defines industrial pollution as the contamination of a substance from its pure state. GESAMP (1972), describes pollution as the introduction of substances liable to cause hazard to human health, to living resources and ecological system, damage to structures, or amenity; or interference with legitimate use of environment. Hence from the afore stated, industrial pollution can be said to be that in which substances like carbon monoxide, light, heat, noise and steam, gaseous and other solid substances agents are released from the activity of the industry or industries that contaminate or pollutes an environment. Since the beginning of the industrial revolution, pollution of the biosphere with toxic metals has accelerated dramatically. Increasing industrialization and population develops the standard of living, which results in highly contaminated atmosphere due to the release of waste from these industries (Tiwari, Tiwari and Pande, 2008).

Industrialization plays an important role in polluting the environment and causes severe degradation in pedosphere, hydrosphere and atmosphere. Water used in industries create waste that has potential hazard for our environment because of the introduction of various contaminants such as heavy metals into soil and water resources (Azumi and Bichi, 2010). The release of pollutants differ from industry to industry. The waste from the pulp industry mainly contain carbohydrates, textile industry contain dyes , plating industry contain nickel and leather tanning wastes contain mainly chromium, zinc, copper, sulphides, carbonates, sodium and many other toxic organic compounds and inorganic compounds (Nouri, Khorasani, Lorestani, Karami, Hassani and Yousefi, 2009).

The residents of Ewekoro Local Government Area are local traders and basically farmers, their farming and petty trading as well as other economic activities suffer the great fate from the Lafarge WAPCO cement plant production activities. Umoh and Mosimabale (2002) are of the view that the earth is an ecosystem of natural habitats which provides basic resources for the growth of man. However, it has been confronted with the threats of contamination more from man than from natural disasters the world over. Umoh's view confirms why and how factories and other

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destructive technological inventions pollute the air, contaminates food and the environment (Jacob, 2014).

One major result of industrial pollution is the migration of people from the areas where these industries are located to distant lands. This has led to overcrowding and unhygienic conditions as it is seen in major cities in Nigeria (Ajene, 2007). Additionally, the issue of industrial pollution has affected the social life of the people in diverse ways, one of such is the contamination of water as a result of industrial waste, streams and rivers are contaminated which affects the swimming activities of the communities thereby impending on their social life (Effiong, 1980). The consequences of industrial pollution affects man's social activities in divers ways which thwarts man's development and social achievements, this is because of industrialization really contributed adversely to the present problems of environmental pollution which exercise deleterious effects on our physical development, health and survival.

The steady progress in the field of science and technology has contributed adversely to the present problems of environmental pollution which has serious effects on the social and economic activities of the people. The influx of automobiles and indiscriminate location of industries are constantly contaminating the air, water and land faster with their smokes, fumes, noise and other wastes than nature and our effort to clean and probably handle them. Pollution has even become a great problem in most Nigeria towns and cities because our modern way of life produces vast quantities of waste matter. When the accumulation of such waste cannot be dissipated, pollution is definitely the result. These waste cause pollution because they affect the health of individuals, animals and plants which in turn adversely alters the balance of nature (Glasson, Therivel and Chadwick, 1994). Berry (1984) affirms that, pollution apart from endangering the health of man and other living things also constitute an economic waste of natural resources and even retard purposeful developments. The overall productivity of crop plant is reduced by the most forms of air pollution and when combined with other environmental stresses, such as low winter temperatures or prolonged droughts, pollution causes plant to decline and die.

Olatunji (2013a), opined that effective resource management can be enhanced when the true cost of production with its consequent value to society is known. Environmental accounting serves as an effective tool for costing production in real terms while disclosing the hidden elements involved in generating the income. After all, it is what we count that we value and what we value is what we treasure. He further described environmental accounting as "an integrated approach, which examines the interrelationship between accounting, the environment and management information, decision – making and accountability. It is an extension of the scope of conventional accounting to include practical environmental and economic implications of the concepts of corporate sustainability"(EPA. 1995; Schatlegger and Burrit. 2000, Olatunji, 2013). Association of Chartered Certified Accountants, (2001) observes that it is inconceivable to consider environmental accounting without thinking of sustainability of enterprise or nations, and this serves as the dividing line between environmental accounting and conventional cost and financial accounting (UNDSD/DESA,2001;Stede and Powell, 2001).

Steele and Powell (2001) in Olatunji (2013b) recognized that environmental costs may be difficult to measure and thus recommended that in assessing external costs of existing environmental burdens, use monetary values based on how people have reacted to changes in environmental quality, which have already taken place. They further suggested that future organization status should be assessed in terms of its potential impact in monetary terms.

III. Methodology

The methodology adopted for this study is basically a descriptive research wherein answers are sought for some research questions and the outcome interpreted to highlight policy implications.

a) Study Area

The study area is Ewekoro Local Government Area of Ogun state where Lafarge WAPCO cement factory is located. Its headquarters are in the town of Itori at 6°56′N 3°13′E/6.933°N 3.2167°E. It has an area of 594 km^2 and a population of 55,156 at the 2006 census. The Local Government is bounded by Yewa South Local Government in the west, Ifo Local Government in the south, Abeokuta North in the north and Obafemi Owode in the east. The composite division that makes up the local government area are; Itori, Owowo, Mosan, Abalabi, Wasimi, Papalanto, Arigbajo, Obada, Yobo and Elere Onigbendu.

b) Source of Data, Data Collection and Sampling Techniques

Data for this study was sourced through primary sources by the use of questionnaire. The questionnaire was designed following the 5-point Likert scale. Respondents were required to provide their socio economic details, as well as make choices on a five point scale in respect of environmental impacts perceived. One hundred and fifty (150) respondents were selected from the immediate environment of the factory using cluster sampling, in line with Bailey (1994) who recommended a minimum sample size of one hundred (100) respondents being sufficient for most researches. It is also in line with Roscoe Rule of Thumb that states that a sample size between thirty (30) and

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five hundred (500) is sufficient (Robin, 2012). This sampling procedure is most suitable for this kind of study where the location is quite large, and the settlements are scattered. The cluster sampling affords every member of the population an opportunity of being selected for the study.

c) Methods of Data Analysis

Descriptive statistics was employed to present the socioeconomic data of the respondents using frequency tables and percentages. The impacts of pollution on farm produce, water sources and the general economic wellbeing of the inhabitants were explored. Data collected was analysed presented using simple percentages and inferences were made using the Chi-Square (χ^2) statistic.

IV. Results and Discussion

a) Socioeconomic Characteristics of Respondents

The socioeconomic variable considered relevant to the study were age, gender, education and occupation. These are presented in table 1.

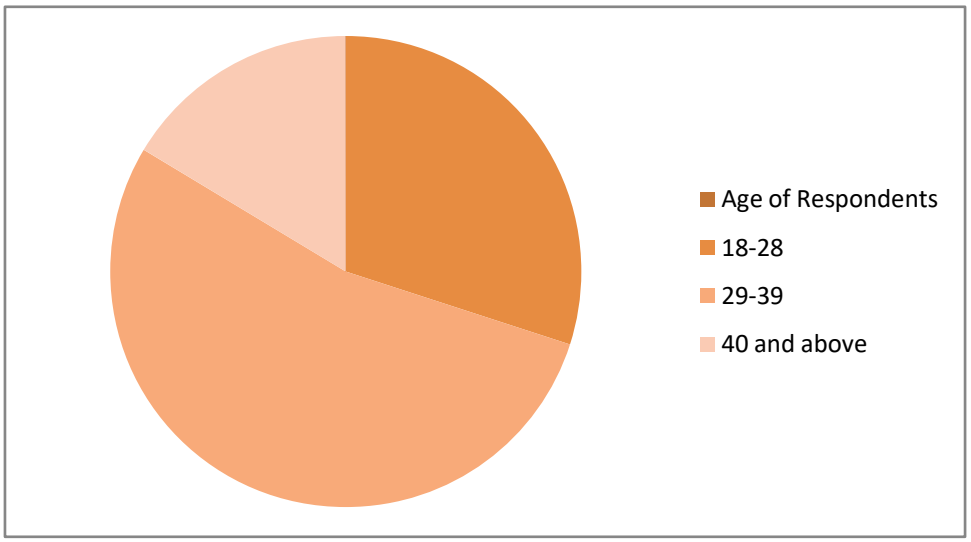
Table 1: Frequency and Percentage Distribution of Respondents by their Socioeconomic Characteristics (X=110)

Socio-Economic Characteristics	Frequency	Percentage	Cumulative%
Age of Respondents			
18-28	33	30	30
29-39	59	54	84
40 and above	18	16	100
Gender of Respondents			
Male	68	62	62
Female	42	38	100
Respondents Levels of Education			
No Formal Education	21	19	19
Primary Education Completed	17	15	34
Secondary Education Completed	48	44	78
Tertiary Education Completed	24	22	100
Respondents' Occupation			
Farming	57	50	50
Trading	29	26	76
Paid Employment	24	24	100

Source: Research Survey, (2016)

i. *Age Distribution of Respondents*

The Age distribution in the study area was depicted in table 1, which classified respondents into three categories beginning from 18 years. Children below 18 years of age were excluded as they are considered too young to participate. The categorization gave 84% as falling between 18 and 40 years old. These represent the active population while those from the age of 40 years and above were 16% as shown in figure 1.



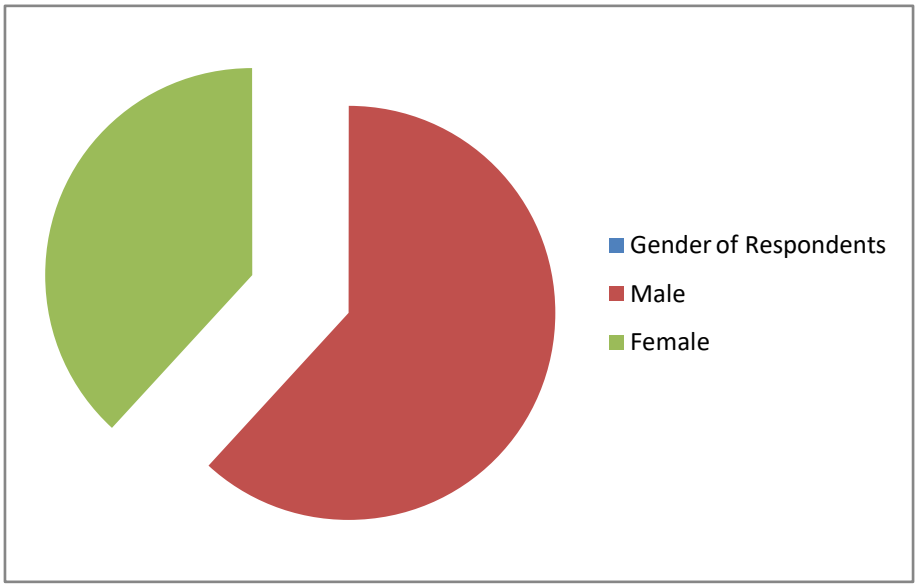
Source: Field Survey, 2017

Figure 1: Age Distribution

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ii. *Gender of Respondents*

Respondents comprised of 62% male and 38% female. More male respondents were available and willing to participate in the survey than female (as show in figure 2) The significance of gender in the survey participation reflected in the assessment of water economic related variables.

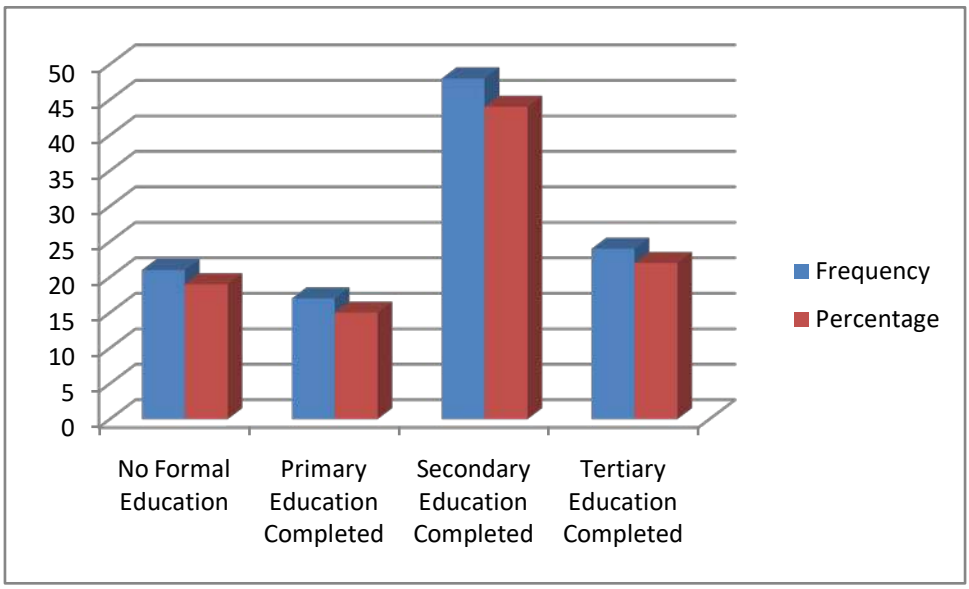


Source: Field Survey, 2017.

Figure 2: Gender of Respondents

b) Educational Qualification of Respondents

The levels of Education of household members were ascertained from the field. It was established that those that have completed their Secondary Education are the modal class of respondents with 44%, which is closely followed by those who have completed Tertiary level of education represented 22%, then those who without Formal Education is represented with 19% and lastly by those of primary education with 15%. The study shows that most of the respondents attended secondary education, as a greater number of them had one qualification or the other as shown in figure 3. The study further shows a low level of education among the people of Ewekoro Local Government Area, hence there is difficulty in adequately assessing the economic consequences of industrial pollution in the area of study.



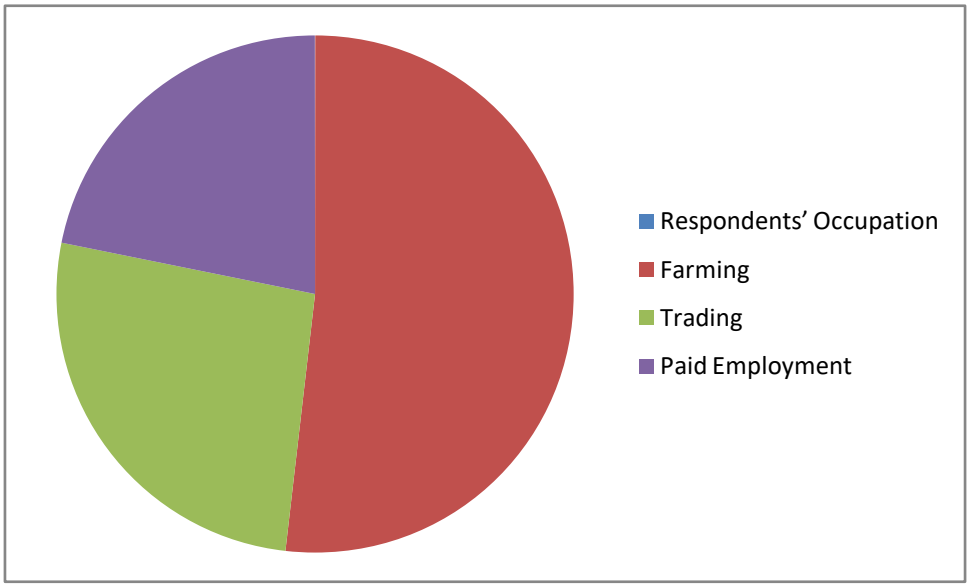
Source: Field Survey, 2017.

Figure 3: Educational Qualification of Respondents

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c) *Occupation of Respondents*

The table shows the occupational distribution of the respondents indicating that farming activities is the dominant occupation of inhabitants of Ewekoro Local Government Area with a population of 57 representing above 50% of the total respondents. Trading is next with 26% while paid employment (private and government) is 24% as shown in figure 4. This implies that, majority of the population are people who engage in farming and agriculture on full time basis. Their knowledge about industrial pollution is vital, since the pollution from the cement industry may actually affect their farming activities in the area.



Source: Field Survey, 2017.

Figure 4: Occupation of Respondents

d) *Respondents Perception on the Effect of Cement Production on the Environment*

From table 2, the respondents perception of the effects of cement production on the environment was as follows: 83 respondents (75%) observed poor crop yield in their various farms as a result of cement manufacture. This situation has brought untold hardship to them in terms of income from Agriculture which used to be the mainstay of the entire Ewekoro Local Government Area. Also pollution of waterways as a result of cement production activities which has led to the destruction of most of the marine bionetwork; with 57 (50%) respondents showing knowledge of this activity. Again 100 respondents representing about 91% of the total respondents responded that cement production in the community has led to continuous rusting of their roofing sheet, while 75 respondents representing 68% showed that the air is being polluted leading to acid rain. 85 respondents (77%) attribute water pollution to cement production in their environment.

Table 2: Perception of the Effect of Cement Production on the Environment

Perceived Effects	Agree	%	Disagree	%	Undecided	%	Total	%
Destruction of farm	83	75	24	22	3	3	110	100
Endanger marine life	57	52	43	39	10	9	110	100
Rust of Roofing Sheets	100	91	4	4	6	5	110	100
Air Pollution	75	68	32	29	3	3	110	100
Water Pollution	85	77	21	19	4	4	110	100

Source: Research Survey, (2016)

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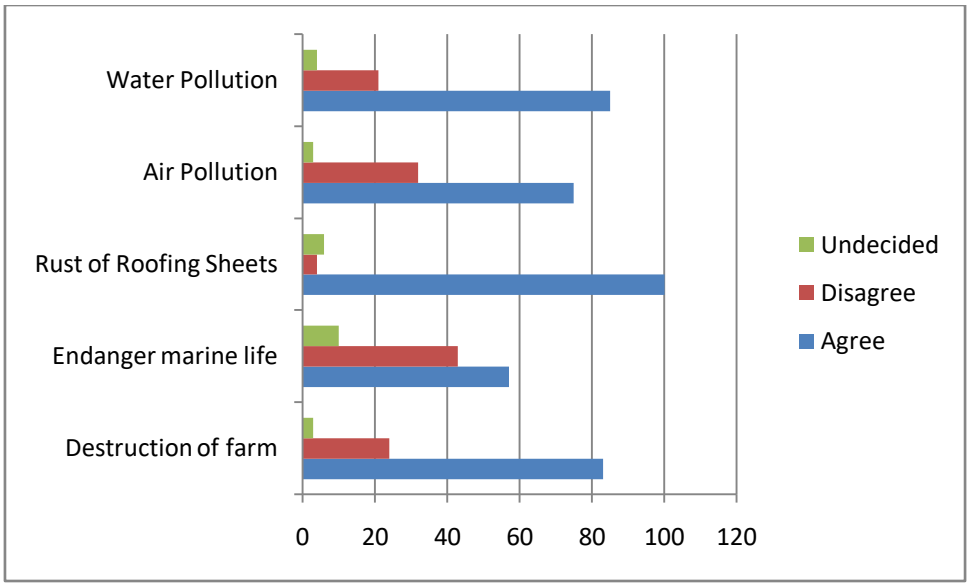


Figure 5: Perception of the Effect of Cement Production on the Environment

e) Analysis of Data on Environmental Impacts of Cement Production on the Community

Data on the environmental impacts of cement production on the environment in Ewekoro with respect to the four key variables were analysed using Chi-Square (χ^2) statistics. The results show that all four variables identified as impacts were significant at 5% level of significance.

i. The Chi Square computed was 93.839 for the relationship between cement production and damage to farms with a p-value < 0.05. This implies that there is significant relationship between the cement production pollutions and the poor yield on farms.
ii. The computed χ^2 for the impact of cement production and pollution on marine life destruction is given as 31.764 with a p-value < 0.05 implying that there is significant relationship between cement production and destruction of marine life.
iii. The computed χ^2 for the impact of cement production on rusty rooftops gave 164.1, the p-value is < 0.05. this implies an overwhelming consensus of respondents that there is significant relationship between cement production on the rusty rooftops.
iv. When air pollution is considered, the χ^2 computed for this impact was 71.582, with a p-value < 0.05 showing strong relationship between cement production and contaminated air.
v. Water pollution was examined. The computed χ^2 for this impact was 93.836, having a p-value < 0.05, implying that there is significant relationship between cement production and water pollution.

Table 3: Chi Square

	farm	Marine	roof	Air	water
Chi-Square	93.836[a]	31.764[a]	1.641E2[a]	71.582[a]	93.836[a]
Df	2	2	2	2	2
Asymp. Sig.	.000	.000	.000	.000	.000

a. *0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 36.7.*

f) Discussion of Findings

Diverse statistics on the impacts of cement production on the local communities were shown in terms of degradation of farmlands, marine life, roof tops, air and water pollutions. Opinions of respondents show that these externalities are significantly associated to the production of cement. Various authorities have written on the roles of externality in measuring productive outcomes. Prominent among them is Kuznet who wrote inverted-U hypothesis in which he related the concern for welfare to poverty levels. This in itself describes the attitude of producer in relation to social welfare which has in turn been responsible for agitations of all sorts across the world.

Umoh and Mosimabale (2002) are of the view that the earth has been confronted with the threats of contamination more from man than from natural disasters the world over. Their view confirms that

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factories and other destructive technological inventions pollute the air, contaminates food and the environment (Jacob, 2014). The production of cement in Ewekoro Local Government Area of Ogun State, Nigeria has demonstrated this concept of externality clearly as can be seen in the strong association that degradation bears to cement production (Tiwari, Tiwari and Pande, 2008; Azumi and Bichi, 2010; Nouri, Khorasani, Lorestani, Karami, Hassani and Yousefi, 2009).

Olatunji (2013a), described environmental accounting as "an integrated approach, which examines the interrelationship between accounting, the environment and management information, decision–making and accountability. It is an extension of the scope of conventional accounting to include practical environmental and economic implications of the concepts of corporate sustainability "(EPA. 1995; Schatlegger and Burrit. 2000, Olatunji, 2013). Thus, the study by assessing the opinions of respondents drawn from the study area has been able to establish that there iss need to assign costs to the environmental degradation occasioned by industrial production. Association of Chartered Certified Accountants ACCA (2001), observes that it is inconceivable to consider environmental accounting without thinking of sustainability of enterprise or nations, and this serves as the dividing line between environmental accounting and conventional cost and financial accounting (UNDSD/DESA, 2001; Stede and Powell, 2001; Olatunji, 2013b). Accounting for the environmental costs of cement production may be difficult to measure and thus need to identify existing environmental burdens through surveys similar to what has been done in this study.

V. Conclusion and Recommendations

From this study, a number of conclusions have been reached: Cement production in Ewekoro have been ongoing since late 1960. For much of this period industrial pollution from activities of cement production plants have been a major factor affecting the environment and economic development of the inhabitants of the Local Government Area. The main objective of the study is to investigate the environmental and economic effect of industrial pollution on the host Communities. This study revealed that industrial pollution impact negatively on the lives of the people of Ewekoro, as this goes a long way in distorting their natural environment and economic development. Therefore, it is imperative that the National Environmental Standards Regulating and Enforcement Agency (NESREA) should ensure strict compliance to the policies regulating the disposal of industrial waste and that penalty be imposed on violators. Furthermore, the hygienic treatment of all disposable chemicals of all forms must be made a matter of necessity. There should be taxes imposed to deter toxicity. Remediation efforts should include toxic magneting devices fixed to the dust or fume exhaust pipe to reduce release of dust to the air and, scholarships made to indigenes of the community to enable them get educated enough to gain employments in such organizations in order for them to take care of themselves. Loans and agricultural inputs should be provided to farmers to boost their agricultural productivity.

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Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 19 Issue 2 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

The Effect of Activity based Costing (ABC) System on the Corporate Pricing Decisions in the Jordanian Industrial Sector

By Ibrahim Al-Nahoud & Dr. Tareq Bani-Khalid
Al al-Bayt University

Abstract- This paper aims to examine the effect of Activity Based Costing (ABC) system on corporate pricing decisions of the Jordanian industrial shareholding companies. Specifically, this paper aims at examining the effect of ABC system on corporate pricing decision. These decisions include: (i) setting the initial price, (ii)determining discounts, (iii)setting the final price and (ix) decision on competitive pricing analysis. Drawing from quantitative research methodology, a questionnaire was developed as the main tool for data collection, which included a sample of (352) employees in the Jordanian industrial shareholding companies. Using the linear regression model, we model the relationship between ABC system and the sub-variables of pricing decisions via the multiple linear estimations. The results from this model refer that there was significant ($\alpha \leq 0.05$) effect of ABC system on the pricing decisions of the Jordanian industrial companies, with a high degree of statistical significance of the variable of raising employee awareness on the importance of ABC on all independent variables of corporate pricing decisions.

Keywords: *activity based costing system (ABC), pricing decisions, jordanian industrial companies.*

GJMBR-D Classification: *JEL Code: M40*



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Abstract- This paper aims to examine the effect of Activity Based Costing (ABC) system on corporate pricing decisions of the Jordanian industrial shareholding companies. Specifically, this paper aims at examining the effect of ABC system on corporate pricing decision. These decisions include: (i) setting the initial price, (ii)determining discounts, (iii)setting the final price and (ix) decision on competitive pricing analysis. Drawing from quantitative research methodology, a questionnaire was developed as the main tool for data collection, which included a sample of (352) employees in the Jordanian industrial shareholding companies. Using the linear regression model, we model the relationship between ABC system and the sub-variables of pricing decisions via the multiple linear estimations. The results from this model refer that there was significant ($\alpha \leq 0.05$) effect of ABC system on the pricing decisions of the Jordanian industrial companies, with a high degree of statistical significance of the variable of raising employee awareness on the importance of ABC on all independent variables of corporate pricing decisions. The study recommends the industrial companies to focus on the programming process of accounting systems applied to measure the costs of activities and to increase employing internal experts at the company who can implement such these systems.

Keywords: activity based costing system (ABC), pricing decisions, jordanian industrial companies.

I. Introduction

Until the mid-1980s, the prevailing thought in the cost accounting was that production volume is the only main way for cost allocation. Therefore, based on this idea, all manufacturing costs, whether direct or indirect, must be allocated to the final corporate products. Companies continued in the allocation of their manufacturing costs under this idea until both Kaplan & Cooper (1987) introduced a new system for allocation of corporate overhead costs known as Activity Based Costing (ABC).

Although, the 1990s was considered as the decade of the digital industrial revolution that increased efficiency and productivity in many industrial sectors (Drucker 1993). Hilton (1999) argued that there are many economic consequences brought about by this industrial revolution. One of these consequences of the industrial revolution during that decade was a study by Brierley et al. (2001) which widely considered an important study to ABC system. Brierley et al. (2001) argued that there was an instability for using both direct and indirect industrial costs in many manufacturing activities, which has made some manufacturing costs more difficult to be. Hence many decisions within the company like pricing decisions would be uncertain and risky for decision-makers (Al-Bashtawi, 2007). Therefore, it clear that many organizations tend to use new systems that help in calculating the cost of the product more accurately to enhance the costs control and to exclude some activities that do not add value to the product (Shaban & Shabana, 2014; Kumar & Mahto, 2013).

Nowadays, modern corporate business environments have been surrounded by strong competition from different local and foreign businesses. This strong competition is imposing businesses to meet the diverse requirements of markets through new management accounting systems like ABC system (Drury, 2005). In this regard, Quinn et al. (2017) argued that these new market requirements forced companies to analyze the costs of their products and make successful pricing decisions to deal with fierce competition. Thus, most corporate businesses are now paying more attention to adopting many costing techniques such as ABC. Based on this, this study seeks to identify the level of the application of ABC in Jordanian industrial companies and its impact on pricing decisions.

II. Literature Review

Towards the end of the 1980s, the academic literature related to cost and management accounting witnessed the emergence of the so-called ABC. The beginning was in the 1990s when some researchers argued that ABC is an appropriate system to trace and assign the costs of overhead activities to its final products (see, Weygandt et al. 2017; Namazi, 2009; and Drury 2005).

Towards this end, several empirical studies have conducted in an attempt to understand the ABC

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system and its benefits from various perspectives (Fei & Isa 2010). Most ABC studies enriched the existing literature through empirical investigations that added a reasonable justification for adoption and implementation of the ABC system in the business environment around the world.

Other studies look at the benefit of ABC system as a strategic approach by examining at what competitive advantages are gained of it. In this regard, Fito et al. (2018) argued, in a thirty years longitudinal study, that this importance has drawn the attention of several researchers to focus on understanding ABC from other different aspects that can affect or are affected by this system (Fei and Isa, 2010).

Indeed, it was documented that, evaluation, adoption, implementation, benefits and the factors impacting ABC success are the main aspects that have covered in the business literature. These studies include, e.g.: Drury et al. (1993); Shields (1995); Shields and McEwen (1996); McGowan and Klammer (1997); Anderson and Young (1999); Hong (1999); Innes et al. (2000); BjØrnenak and Mitchell (2002); Anderson (2002); Gosselin, (2007, 1997); Fei and Isa (2010); Fadzil and Rababah (2012); Quinn et al. (2017); Fito et al. (2018).

Other studies have used ABC system as an independent variable in determining its effect on various corporate strategic decisions (Maelah and Ibrahim, 2007). For example, studies of Bromwich and Hong (1999); Brierley et al. (2001); Cardinaels et al. (2004); and Tobi et al. (2015), have investigated the effect of ABC system on corporate pricing decisions during the period of the 1980s-2000s. These studies have found the ABC system has a significant role in assigning the cost of their products or services. It is therefore considered an appropriate manner that makes the costing process more accurate and thus facilitating the price decisions-making.

The above-mentioned studies have attempted to clarifying the relationship between ABC system and pricing decision in different countries with different ways. For example Bromwich and Hong (1999), in their study, focused on analyzing the main requirements for ABC success that may help business in accurate measurement of its production costs, and then to make correct pricing decisions. They found that the cost estimation method without using of ABC system may provide management with false data for decision makers, especially in pricing decisions. Bromwich and Hong (1999) have also found that the failure in satisfying the requirements of ABC system may lead to distorting production costs and thus weakening the competitive position.

Similarly, Brierley et al. (2001) analysed much products costing practices and their effects on pricing decisions making for manufacturing sectors in the European context. Their results indicated that there is significant progress in describing costing behaviour in Europe over the last decade. It was also found that one of the most significant considerations for European companies to make a good pricing decisions for their products is ABC information.

In Belgium, Cardinaels et al. (2004) provided some experimental evidence on the advantages of cost-system development in 120 healthcare organizations. One of these advantages was by examining the role of the ABC system on price decisions. The study found that cost-system development can play a significant role in the strategic decision-making process. It was also found that the ABC system provides more accurate costing information, and therefore the decision-makers will have a better understanding of the correct pricing decisions, thus protecting their performance.

In the Indian context, Sharma and Gupta (2010) argued that the old traditional-cost method has become unacceptable and very costly in many organizations. This old method was likely due to the high volume of consumer demands and product differentiation process. The old traditional-cost method therefore led to strategic failures in many companies across India. Based on the study results, the researchers found that the ABC system is a significant tool to solve all problems of inaccuracy costs that result from the traditional-cost method. Unlike a traditional-cost method, ABC system as an effective method can contribute positively to make the top managerial decision-making process, such as pricing decisions (See, Kumar & Mahto, 2013).

In Nigeria, Tobi, Osasrere, and Adeniran (2015) examined the effect of ABC system and target cost management (TCM) system on the pricing decision process in (22) manufacturing companies in Ogun state. By cross-sectional survey design, different results have been shown in the using of both ABC and TCM systems on the pricing decision process. Specifically, the results showed that there was no statistically significant difference in the use of ABC on the pricing decision process in the Nigerian manufacturing companies. On the other hand, the use of the TCM system has a statistically significant difference in the pricing decision process in such companies.

Although the aforementioned studies have provided several pieces of evidence that ABC system is an effective strategy in giving the correct signals in decision making and therefore more value-added (Tuccillo and Agliata 2018). However, it has been argued that the most of the existing literature on cost accounting generally have lacked the empirical studies that investigate managers' views about the importance of ABC system as a cost-managerial approach to deal with the corporate pricing decisions. On the other hand, the majority of ABC studies are carried out in different countries in Western Europe, Africa, and East Asia.

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Thus, this study gives further insight into exploring the relationship between ABC and pricing decisions that have not explored in Arab economies like Jordan.

From the preceding section, the focus of this paper will be on the corporate pricing decisions influenced by the ABC system in a developing country like Jordan. Thus, a broad research question that could be raised here is: What is the effect of applying of ABC system for decision-makers in the Jordanian industrial sector.

Based on the broad question above, the research main-questions will be through discussing a research problem below.

a) Research Problem & Questions

In developing countries, Jordan as a case of these countries, (pre-2000s) most of the pricing decisions were often in the hand of corporate managers. Compared to the management accountant, most managers in Jordan are not familiar enough with the cost estimation and allocation for pricing. Therefore, the majority of their pricing decisions are mainly not based on accurate cost estimation. This issue led to uncertain costing information and thus choosing the wrong pricing strategy.

According to Jordanian economists, the above-mentioned issue could be the main cause that made Jordan local products subjected to different pricing policies arising from different views of corporate managers. As such, Jordan industrial environment has suffered from a severe imbalance between product cost and its price in the mid of 1990s. Therefore, this period witnessed a slowdown in industry growth and an unwarranted rise in prices of products and services leading in a collapse of the national trade and a growth recession rate.

However, Jordan's accession to the World Trade Organization (WTO) in 2000 contributed heavily in speeding up of liberalization of trade within the local economy. The introduction of the foreign product to the local market competition in the 2000s has drawn the attention of some economists to adopt and implement new cost management systems for improving productivity and facing such competitive pressures.

Based on the earlier discussion on such selective adoption of ABC system in the Jordan industrial as one of new cost management systems, there was a clear desire for the researchers to investigate how a corporate pricing decisions could be influenced by this system in the Jordanian industrial sector. Thus, based on the discussion above, the broad research questions to be raised here are:

- *What is the extent of implementation of the ABC system in Industrial Public Shareholding Companies?*
- *Is there a statistically significant effect of ABC system on pricing decisions in the Industrial Public Shareholding Companies?*

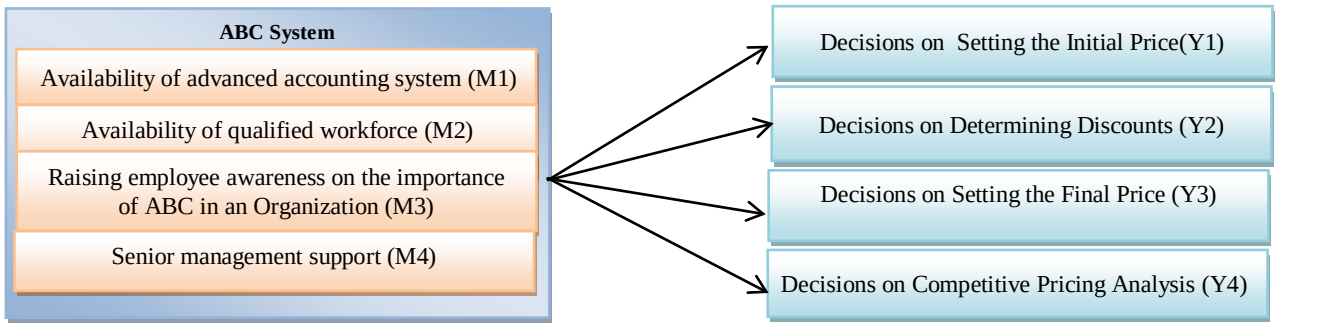


Figure 1: Research hypotheses of this paper.

However, answering the study questions above requires developing some hypotheses.

b) Research Hypotheses

Total of five research hypotheses were developed based on some relevant studies and their variables to answer research questions of this study. Therefore, the paper explores the impact of ABC variable on pricing decisions variables by sampled companies from a Jordanian industrial sector by testing the logical relations in as depicted in figure.1 below.

Consequently, the study will test the following hypotheses:

H01: ABC has NO impact on setting the initial price

H02: ABC has NO impact on determining products discounts

H03: ABC has NO impact on setting the final price.

H04: ABC has NO impact on competitive pricing analysis.

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III. Research Method & Methodology

a) Population, Sampling & Data Collection

The population of the study comprises all employees working at the accounting department in the Industrial Public Shareholding Companies, from which a random sample consists of 352 participants has been selected. Data were collected via a questionnaire distributed to 400 employees and 392 have been returned, of which 40 questionnaires have been excluded.

Table 1: Summarizes the number & percentage of distributed questionnaires.

Questionnaires	Number	Percentage
Total of Distributed	400	100%
Total of Returned	392	98%
Total of Excluded (Massing Data)	40	10%
Total of final Respondents	352	88%

From the above discussion, the aim of this study is to explore the effect of using the ABC system on the four dimensions of producing pricing decision in the Jordanian manufacturing companies. According to the nature of data for the study, the quantitative approach was required. Therefore, the questionnaire tool has used for gathering the data targeted that serve the exploratory nature of the study.

b) Quantitative Approach & Data Analysis

Once the research hypotheses are setting out, the next step is to verify whether acceptance of the hypothesis happens. However, it is argued by Kawulich (2004), that the process of verifying the research assumptions of social sciences research could be conducted from different perspectives, which typically depends on the way of research design.

According to Punch (2005), a research design is the most significant step that helps researchers in selecting appropriate data analysis methods. In other words, it is the researcher guideline for choosing an appropriate research methodology and method.

Noted that research methods were typically classified into three types, namely: the quantitative, the qualitative method, and the mixed method. However, it's documented that the data's nature is the main drive when selecting the most appropriate research method (Amaratunga et al., 2002)

Based on the data of this study, where a quantitative method was perceived as an appropriate approach to test study hypotheses. As such, the descriptive analysis and statistical analysis were used to explore the effect of ABC system on product pricing decisions. Specifically, the quantitative data of this study refers to the simple and multiple regression model were the appropriate approaches for analyzing such quantitative data that has been recorded across Jordanian industrial companies through the SPSS system.

IV. Descriptive & Analytical Results

After a brief discussion of the nature of the quantitative data; some fundamental conditions of such data should be achieved. these conditions are initial tests of the researcher to check whether his research data are testable. It also helps the researcher to choose the right statistical tests.

According to Field (2009), residuals independence test, normality distribution test, correlation coefficient test, and multicollinearity test are the key assumptions underlying the selection process for any regression models. In consistent with the study of Field (2009) these tests have been achieved before starting the empirical work. Therefore, the research model is found well fitted to test the effects of ABC system on pricing decisions in the industrial shareholding companies. (see appendixes section).

For the purpose of data analyzing, descriptive statistics and regression method were used as shown below.

a) Analyzing of Research Sample Characteristics

This section looks into the description of the sample structure includes several demographic information on the sample members of Jordanian industrial companies. Therefore, the study population were divided into characteristics of importance for the research. These include (level of experience, qualification, specialization and professional certificates) as presented in the below Table.

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Table 2: Characteristics of the Study Sample

Item	Variable	No	%
Experience	Less than 5 y	199	56.5
	5y –lees than 10y	100	28.4
	10y- less than 15y	35	9.9
	More than 15	18	5.2
	Total	352	100
Qualification	Diploma	104	29.5
	Bachelor	217	61.6
	Master	29	8.2
	PhD	2	0.7
	Total	352	100
Participation in ABC conferences	Yes	15	4.3
	No	337	95.7
	Total	352	100
Scientific Specialization	Accounting	209	59.4
	Business Administration	76	21.6
	Finance & Banking	51	14.5
	Financial Management Specialization	16	4.5
	Total	352	100
Professional Certificates	CIA	10	2.8
	CPA	15	4.3
	CMA	22	6.3
	Non	305	86.6
	Total	352	100

Table 2 shows that the vast majority of the respondents about (%85) have few experiences in their work, which ranged between (less than 5) 199 respondents and 100 respondents have experiences between (5-less10 years). While the results on qualification index refer that the degrees of diploma and bachelor were constituted the vast majority of the sample. In particular, they represented (%91) out of total respondents. Furthermore, the respondents' attitudes towards their participation in ABC conferences and training, were unsatisfactory. 95% of respondents have no training or participation in any conference about the ABC system. It is noted by the researchers that there is less awareness about the importance of the ABC system by respondents and their organizations.

In the same vein, overall response rates about professional certificates of respondents were also negative, very small respondents have CIA, CPA, and CMA certificates, which were (2.8%, 4.3% and 6.3%) respectively. This could be attributed to the little experience that they have, as noted above. Moreover, about the scientific specialization, the descriptive analysis also indicates that there are no respondents outside the scope of economic and administrative sciences. In particular, respondents with accounting specialization were more than half of respondents with a rate of (59%), while other specializations have 0 respondents.

b) Descriptive analysis of the Study

The arithmetic means, standard deviation, and ranking of the item are generally the main descriptive analysis methods. These methods have been used to describe the recorded data regarding the effect of ABC system on pricing decisions. As such, the results on descriptive analysis were presented in Table 3.

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Table 3: Descriptive analysis of Independent and dependent variables

No.	Independent Items of ABC (M)	Code	Mean	Ranking
1	The Availability of Advanced Accounting Systems	M1	3.36	3
2	The Availability of Qualified Workforce	M2	3.24	2
3	Raising Employee awareness on the Importance of ABC in an Organization	M3	3.20	1
4	Senior Management Support	M4	3.14	4
	Total of items		3.23	
No.	**Dependent Items of Pricing Decision (Y)**	**Code**	**Mean**	**Ranking**
1	Pricing Decisions on Setting the Initial Price.	Y1	2.99	4
2	Pricing Decisions on Determining Discounts.	Y2	3.22	2
3	Pricing Decisions on Setting the Final Price.	Y3	3.24	1
4	Pricing Decisions on Competitive Pricing Analysis	Y4	3.12	3
	Total of items		3.14	

From Table 3, it is clear that all items on the application of the ABC system in the Jordanian industrial companies were ranked with medium level. Indeed, the mean rank of all independent variables has reached an average of (3.23). In particular, the mean that was also between the ranges of 3.14 - 3.36 as in Table 3. However, the paragraph on spread awareness among workers of the importance of ABC application ranked as the first item between the items of ABC application with a mean of (3.36). While, the paragraph regarding the senior management support came in last place in the ranking the list, with a mean of (3.14).

About the pricing decision as a dependent variable of this study, also comes with medium level (mean rank= 3.14). More specifically, by comparing the means of four dependent variables, Table 3 showed that corporate decisions on setting the final price have placed as the first sub-dependent variable with a mean of (3.24). However corporate decisions on setting their initial price were the lowest ranked sub-dependent variable with a mean of (2.99).

c) Statistical analysis of the Study

Results of multiple linear regression that test the research hypothesis on the effect of the ABC system on the pricing decisions in Jordanian industrial shareholding companies were presented in below Table 4.

Table 4: Regression Analysis Results of the ABC system and the pricing decisions

Item of M	*β	T	Statistical Significance	R	R^2	Adj-R^2	F	**Overall Statistical Significance
Y1								
M1	0.09	1.65	0.10	0.70	0.49	0.48	82.60	0.00
M2	0.10	1.95	0.05					
M3	0.00	0.02	0.99					
M4	0.75	17.21	0.00					
Y2								
M1	0.20	3.68	0.00	0.73	0.53	0.52	96.70	0.00
M2	0.02	0.45	0.65					
M3	0.04	0.78	0.44					
M4	0.80	18.95	0.00					
Y3								
M1	0.14	2.46	0.01	0.69	0.47	0.46	78.04	0.00
M2	0.12	2.23	0.03					
M3	0.10	2.06	0.04					
M4	0.75	17.02	0.00					
Y4								
M1	0.11	1.78	0.08	0.58	0.34	0.33	44.33	0.00
M2	0.10	1.72	0.09					
M3	0.08	1.45	0.15					
M4	0.64	12.82	0.00					

**Accept (Ho) if Sig-value (>.05); and Reject (Ho) if Sig-value (<.05).*
***Overall Statistical Significance for all variables as a whole.*

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On the overall, the results in Table.4 revealed that ABC system has a significant effect on corporate pricing decision. However, looking at each effect of independent variables of ABC system (M1-M4) on the dependent variables of pricing decisions (Y1-Y4); it can be concluded that there is a variation among relationships of each sub-variable. In particular, the results in Table.4 revealed that M2 and M4 of the ABC system are positively significant to Y1 of pricing decision with (B = 0.10 and 0.75) respectively. Furthermore, The R-squared of this model has a value of 0.49, meaning that the variables of M1 and M4 are capable of explaining 49% variation in the Y1 variable. Also, between M1 and M4, there is a significant effect on Y2 with (B = 0.20 and 0.80) respectively. Table 4. indicates that the value of R^2=is 0.53 implying that the M variables in the model explain 53% variations in the Y2 variable. From regression results in Table 4, all sub-variables of M have a significant effect on Y3 variable with B value (<=0.05). The R-squared for this model is signifying that the ABC variables are capable of explaining 46% variations in the corporate decisions on setting the final price. About the effect of M independent variables on Y dependent variables, Table 4 indicates that only M4 variable has a statistical significance on Y4 variable (with B =0.00 and R^2=0.34).

V. Results Discussion

This paper found that:

a) There is a significant effect at $\alpha \leq 0.05$ for (i) the availability of qualified workforce and (ii) senior management support of ABC system implementation on the determination of initial prices in the Jordanian industrial public shareholding companies. This might be attributed to the top managers' perceptions which tends to embrace the qualified employees as internal stakeholders, and they have an ethical duty towards their companies. Thus, this may provide an opportunity for active participation between qualified employees and their organizations when making initial pricing decisions.

b) Companies with advanced accounting systems, along with the continuation of top management support have a significant effect at $\alpha \leq 0.05$ on discounts determination decisions in the industrial public shareholding companies. Perhaps this is because good ABC system implantation clarifies the cost-effective activities as well as the share of the product from each activity, thus help the company reduce those costs and thus increase its efficiency in determining discounts.

c) There is a significant effect at $\alpha \leq 0.05$ of ABC system implementation on the final price determination in the Industrial Public Shareholding Companies. Perhaps this is because determining the final price depends on the cost of diversity more precisely, and this result can be explained by ABC system that deals with the relationship between the final product and the costs that have been incurred focusing on cost sources. This result might be attributed to the outcomes of the implementation of the ABC system as an appropriate information that might be used in determining appropriate final prices of products through the proper distribution of indirect costs and the elimination of random distribution.

d) There is a significant effect at $\alpha \leq 0.05$ of senior management support toward ABC system implementation on the competitor's price analysis in the Industrial Public Shareholding Companies. This result is due to the increased competitive position in the market between companies because of the expansion, specialization, and diversity of markets, in addition to the great diversity of products within the markets along with the different segments of customers.

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Appendixes

Appendix 1: Classifying the Mean of Likert-Scale

Level	Mean
Low	1-less than 2.33
Medium	2.34- less than 3.67
High	3.68-5

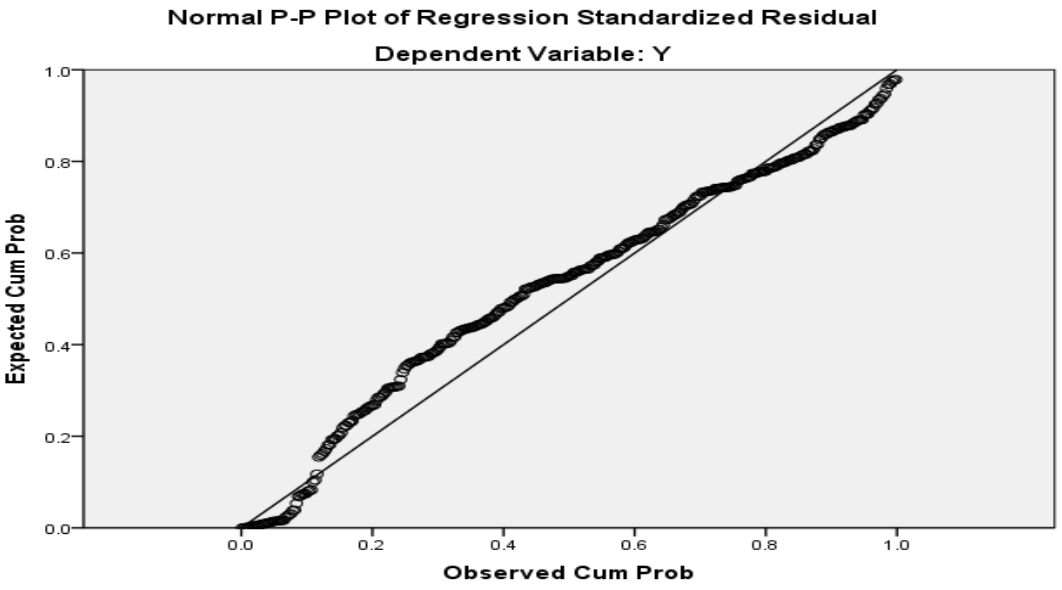
Appendix 2: Cronbach-Alpha Test -Content Validity

IND-V	Sub-Variables	Cronbach- Alpha
ABC	M1	0.82
	M2	0.80
	M3	0.81
	M4	0.82
Overall of M Variables		0.85
DEP-V		
Pricing Decisions	Y1	0.84
	Y2	0.78
	Y3	0.84
	Y4	0.71
Overall of Y Variables		0.84

Appendix 3: Multicollinearity -Test

ABC sub-variables	(Tolerance)	(VIF)
M1	0.47	2.11
M2	0.52	1.92
M3	0.60	1.66
M4	0.77	1.29

Appendix 4: The P-P Plot of Normality Test



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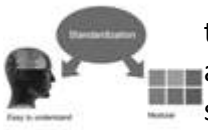
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The Institute will be entitled to following benefits:

The IBOARS can initially review research papers of their institute and recommend them to publish with respective journal of Global Journals. It can also review the papers of other institutions after obtaining our consent. The second review will be done by peer reviewer of Global Journals Incorporation (USA) The Board is at liberty to appoint a peer reviewer with the approval of chairperson after consulting us.

The author fees of such paper may be waived off up to 40%.

The Global Journals Incorporation (USA) at its discretion can also refer double blind peer reviewed paper at their end to the board for the verification and to get recommendation for final stage of acceptance of publication.





The IBOARS can organize symposium/seminar/conference in their country on behalf of Global Journals Incorporation (USA)-OARS (USA). The terms and conditions can be discussed separately.

The Board can also play vital role by exploring and giving valuable suggestions regarding the Standards of "Open Association of Research Society, U.S.A (OARS)" so that proper amendment can take place for the benefit of entire research community. We shall provide details of particular standard only on receipt of request from the Board.



The board members can also join us as Individual Fellow with 40% discount on total fees applicable to Individual Fellow. They will be entitled to avail all the benefits as declared. Please visit Individual Fellow-sub menu of GlobalJournals.org to have more relevant details.

We shall provide you intimation regarding launching of e-version of journal of your stream time to time. This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.



After nomination of your institution as "Institutional Fellow" and constantly functioning successfully for one year, we can consider giving recognition to your institute to function as Regional/Zonal office on our behalf.
The board can also take up the additional allied activities for betterment after our consultation.

The following entitlements are applicable to individual Fellows:



Open Association of Research Society, U.S.A (OARS) By-laws states that an individual Fellow may use the designations as applicable, or the corresponding initials. The Credentials of individual Fellow and Associate designations signify that the individual has gained knowledge of the fundamental concepts. One is magnanimous and proficient in an expertise course covering the professional code of conduct, and follows recognized standards of practice.

Open Association of Research Society (US)/ Global Journals Incorporation (USA), as described in Corporate Statements, are educational, research publishing and professional membership organizations. Achieving our individual Fellow or Associate status is based mainly on meeting stated educational research requirements.



Disbursement of 40% Royalty earned through Global Journals : Researcher = 50%, Peer Reviewer = 37.50%, Institution = 12.50% E.g. Out of 40%, the 20% benefit should be passed on to researcher, 15 % benefit towards remuneration should be given to a reviewer and remaining 5% is to be retained by the institution.

We shall provide print version of 12 issues of any three journals [as per your requirement] out of our 38 journals worth $ 2376 USD.

Other:

The individual Fellow and Associate designations accredited by Open Association of Research Society (US) credentials signify guarantees following achievements:

- The professional accredited with Fellow honor, is entitled to various benefits viz. name, fame, honor, regular flow of income, secured bright future, social status etc.

- In addition to above, if one is single author, then entitled to 40% discount on publishing research paper and can get 10%discount if one is co-author or main author among group of authors.
- The Fellow can organize symposium/seminar/conference on behalf of Global Journals Incorporation (USA) and he/she can also attend the same organized by other institutes on behalf of Global Journals.
- The Fellow can become member of Editorial Board Member after completing 3yrs.
- The Fellow can earn 60% of sales proceeds from the sale of reference/review books/literature/publishing of research paper.
- Fellow can also join as paid peer reviewer and earn 15% remuneration of author charges and can also get an opportunity to join as member of the Editorial Board of Global Journals Incorporation (USA)
- • This individual has learned the basic methods of applying those concepts and techniques to common challenging situations. This individual has further demonstrated an in–depth understanding of the application of suitable techniques to a particular area of research practice.

Note :

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- In future, if the board feels the necessity to change any board member, the same can be done with the consent of the chairperson along with anyone board member without our approval.
- In case, the chairperson needs to be replaced then consent of 2/3rd board members are required and they are also required to jointly pass the resolution copy of which should be sent to us. In such case, it will be compulsory to obtain our approval before replacement.
- In case of "Difference of Opinion [if any]" among the Board members, our decision will be final and binding to everyone.

"

Preferred Author Guidelines

We accept the manuscript submissions in any standard (generic) format.

We typeset manuscripts using advanced typesetting tools like Adobe In Design, CorelDraw, TeXnicCenter, and TeXStudio. We usually recommend authors submit their research using any standard format they are comfortable with, and let Global Journals do the rest.

Alternatively, you can download our basic template from https://globaljournals.org/Template.zip

Authors should submit their complete paper/article, including text illustrations, graphics, conclusions, artwork, and tables. Authors who are not able to submit manuscript using the form above can email the manuscript department at submit@globaljournals.org or get in touch with chiefeditor@globaljournals.org if they wish to send the abstract before submission.

Before and during Submission

Authors must ensure the information provided during the submission of a paper is authentic. Please go through the following checklist before submitting:

1. Authors must go through the complete author guideline and understand and *agree to Global Journals' ethics and code of conduct,* along with author responsibilities.
2. Authors must accept the privacy policy, terms, and conditions of Global Journals.
3. Ensure corresponding author's email address and postal address are accurate and reachable.
4. Manuscript to be submitted must include keywords, an abstract, a paper title, co-author(s') names and details (email address, name, phone number, and institution), figures and illustrations in vector format including appropriate captions, tables, including titles and footnotes, a conclusion, results, acknowledgments and references.
5. Authors should submit paper in a ZIP archive if any supplementary files are required along with the paper.
6. Proper permissions must be acquired for the use of any copyrighted material.
7. Manuscript submitted *must not have been submitted or published elsewhere* and all authors must be aware of the submission.

Declaration of Conflicts of Interest

It is required for authors to declare all financial, institutional, and personal relationships with other individuals and organizations that could influence (bias) their research.

Policy on Plagiarism

Plagiarism is not acceptable in Global Journals submissions at all.

Plagiarized content will not be considered for publication. We reserve the right to inform authors' institutions about plagiarism detected either before or after publication. If plagiarism is identified, we will follow COPE guidelines:

Authors are solely responsible for all the plagiarism that is found. The author must not fabricate, falsify or plagiarize existing research data. The following, if copied, will be considered plagiarism:

- Words (language)
- Ideas
- Findings
- Writings
- Diagrams
- Graphs
- Illustrations
- Lectures

- Printed material
- Graphic representations
- Computer programs
- Electronic material
- Any other original work

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1. Substantial contributions to the conception and acquisition of data, analysis, and interpretation of findings.
2. Drafting the paper and revising it critically regarding important academic content.
3. Final approval of the version of the paper to be published.

Changes in Authorship

The corresponding author should mention the name and complete details of all co-authors during submission and in manuscript. We support addition, rearrangement, manipulation, and deletions in authors list till the early view publication of the journal. We expect that corresponding author will notify all co-authors of submission. We follow COPE guidelines for changes in authorship.

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Appealing Decisions

Unless specified in the notification, the Editorial Board's decision on publication of the paper is final and cannot be appealed before making the major change in the manuscript.

Acknowledgments

Contributors to the research other than authors credited should be mentioned in Acknowledgments. The source of funding for the research can be included. Suppliers of resources may be mentioned along with their addresses.

Declaration of funding sources

Global Journals is in partnership with various universities, laboratories, and other institutions worldwide in the research domain. Authors are requested to disclose their source of funding during every stage of their research, such as making analysis, performing laboratory operations, computing data, and using institutional resources, from writing an article to its submission. This will also help authors to get reimbursements by requesting an open access publication letter from Global Journals and submitting to the respective funding source.

Preparing your Manuscript

Authors can submit papers and articles in an acceptable file format: MS Word (doc, docx), LaTeX (.tex, .zip or .rar including all of your files), Adobe PDF (.pdf), rich text format (.rtf), simple text document (.txt), Open Document Text (.odt), and Apple Pages (.pages). Our professional layout editors will format the entire paper according to our official guidelines. This is one of the highlights of publishing with Global Journals—authors should not be concerned about the formatting of their paper. Global Journals accepts articles and manuscripts in every major language, be it Spanish, Chinese, Japanese, Portuguese, Russian, French, German, Dutch, Italian, Greek, or any other national language, but the title, subtitle, and abstract should be in English. This will facilitate indexing and the pre-peer review process.

The following is the official style and template developed for publication of a research paper. Authors are not required to follow this style during the submission of the paper. It is just for reference purposes.

Manuscript Style Instruction (Optional)

- Microsoft Word Document Setting Instructions.
- Font type of all text should be Swis721 Lt BT.
- Page size: 8.27" x 11'", left margin: 0.65, right margin: 0.65, bottom margin: 0.75.
- Paper title should be in one column of font size 24.
- Author name in font size of 11 in one column.
- Abstract: font size 9 with the word "Abstract" in bold italics.
- Main text: font size 10 with two justified columns.
- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
- Line spacing of 1 pt.
- Large images must be in one column.
- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
- The names of second main headings (Heading 2) must not include numbers and must be in italics with a font size of 10.

Structure and Format of Manuscript

The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

a) A title which should be relevant to the theme of the paper.
b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
d) An introduction, giving fundamental background objectives.
e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
f) Results which should be presented concisely by well-designed tables and figures.
g) Suitable statistical data should also be given.
h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
j) There should be brief acknowledgments.
k) There ought to be references in the conventional format. Global Journals recommends APA format.

Authors should carefully consider the preparation of papers to ensure that they communicate effectively. Papers are much more likely to be accepted if they are carefully designed and laid out, contain few or no errors, are summarizing, and follow instructions. They will also be published with much fewer delays than those that require much technical and editorial correction.

The Editorial Board reserves the right to make literary corrections and suggestions to improve brevity.



Format Structure

It is necessary that authors take care in submitting a manuscript that is written in simple language and adheres to published guidelines.

All manuscripts submitted to Global Journals should include:

Title

The title page must carry an informative title that reflects the content, a running title (less than 45 characters together with spaces), names of the authors and co-authors, and the place(s) where the work was carried out.

Author details

The full postal address of any related author(s) must be specified.

Abstract

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

Keywords

A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, “What words would a source have to include to be truly valuable in a research paper?” Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

Numerical Methods

Numerical methods used should be transparent and, where appropriate, supported by references.

Abbreviations

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

Formulas and equations

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

Tables, Figures, and Figure Legends

Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.

Figures

Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

Preparation of Eletronic Figures for Publication

Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

For scanned images, the scanning resolution at final image size ought to be as follows to ensure good reproduction: line art: >650 dpi; halftones (including gel photographs): >350 dpi; figures containing both halftone and line images: >650 dpi.

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Tips for writing a good quality Management Research Paper

Techniques for writing a good quality management and business research paper:

1. Choosing the topic: In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

2. Think like evaluators: If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

3. Ask your guides: If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

4. Use of computer is recommended: As you are doing research in the field of management and business then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

5. Use the internet for help: An excellent start for your paper is using Google. It is a wondrous search engine, where you can have your doubts resolved. You may also read some answers for the frequent question of how to write your research paper or find a model research paper. You can download books from the internet. If you have all the required books, place importance on reading, selecting, and analyzing the specified information. Then sketch out your research paper. Use big pictures: You may use encyclopedias like Wikipedia to get pictures with the best resolution. At Global Journals, you should strictly follow here.



6. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

8. Make every effort: Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

9. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several unnecessary diagrams will degrade the quality of your paper by creating a hodgepodge. So always try to include diagrams which were made by you to improve the readability of your paper. Use of direct quotes: When you do research relevant to literature, history, or current affairs, then use of quotes becomes essential, but if the study is relevant to science, use of quotes is not preferable.

10. Use proper verb tense: Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

11. Pick a good study spot: Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice.
Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

19. Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

20. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

21. Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

22. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

23. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear: Adhere to recommended page limits.

Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.



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- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.



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Content:

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
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- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

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References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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ISSN 9755853

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