



Assessing non-profit organisations earnings management practices in a crisis context: evidence from the Anglophone region of Cameroon

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e_AOPL Journal of Social Sciences

Volume 1 | Issue 1

Received:
21.06.2022

Accepted:
09.09.2022

Published:
01.10.2022

URL: <https://www.africaopl.org/publications/categories/e-aopl-journal-of-social-sciences>



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Abstract

This article assesses the earnings management practices of non-profit organisations (NGOs) in the Anglophone region of Cameroon between 2014 and 2018. Specifically, it investigates whether local NGOs, amongst

which are community-based organisations (CBOs) and Civil Society Organisations (CSOs) active in this part of Cameroon engage in earnings management practices. The article draws numerous theoretical perspectives, including Positive Accounting Theory (PAT), Stakeholder Theory (ST), Signalling Theory, and the Management Threshold Theory (MTT). Using abnormal or discretionary accruals and the Modified Jones, findings show that: (i) local NGOs operating in the Anglophone region of Cameroon reported earnings that are narrowly distributed around zero both before and during the current armed conflict, with the distribution being significant during the conflict period; (ii) abnormal accruals act as one of the major tools used by local NGOs in managing earnings as their engagement increases within the conflict zone, with them making use of aggressive application of abnormal or discretionary accruals to achieve a zero-profit target when pre-managed earnings are either positive or negative. As a result, this article contributes to knowledge by illustrating the application of PAT, ST, MTT, and Signalling theory in a non-profit setting while establishing theories and regulations/guidelines with regards to accrual accounting practises of local NGOs in Cameroon.

Keyword: Earnings management; non-profit organisations; armed conflict

1 Introduction

The majority of developing countries continue to turn to non-governmental organisations (NGOs) for much-needed finances and subsistence given the current levels of poverty and other social and environmental problems. In Africa, for instance, political upheavals, natural disasters and overall level of poverty have made it necessary to find alternate solutions by relying on NGOs, both local and international. At the turn of the 20th century, there were just a handful of NGOs, but by 1987 there were thousands all across the world (Berg 1987). Globally, there has been a substantial progress in the area of NGOs, as indicated by the formation of a “consultative status” citing Article 71 of the United Nations Charter. The Charter advocates for a more open attitude towards NGOs. That notwithstanding, it remains to be seen if granting NGOs international status would genuinely assist to reduce the limits on their freedom of movement and contribution to international development.

However, the word NGO emerged around the close of World War II, when the United Nations (UN) tried to differentiate between commercial organisations and intergovernmental specialised agencies (Jones and Roberts 2006). Therefore, NGOs come from all around the world and have varying degrees of access to resources. Some NGOs focus on a specific policy goal, while others strive for bigger policy goals such as poverty reduction and disease elimination (Jones and Roberts 2006). For example, a food crisis in Ethiopia in 1984 sparked a new market for humanitarian relief (Berthoud 2001). There are several types of NGOs, including community-based organisations, private voluntary organisations, civil society organisations, non-profit organisations and multinational corporations (McGann 2018). NGOs can also be local or international. The Anti-Slavery Society, founded in 1839, is said to be the first worldwide NGO.

The number of NGOs has grown exponentially, and NGOs have become powerful players in global politics, facilitated in part by the increasing funding of public and private grants (Mc Gann 2006). The world’s largest NGO, for example, the Bill and Melinda Gates Foundation is worth with an endowment of \$28.8 billion. NGOs also have moved from being in the background to having a presence amid world politics and as a result are exerting their influence and power in the policy making on a global scale. Additionally, NGOs help bridge the gap between the government and the

community and are critical in organising underprivileged people, taking collective action, fighting for their rights and representing their members' interests in government dialogue.

NGOs are better at facilitating the supply of inputs into the management process, mediating between people and the larger political setup, networking, information dissemination and policy reform. In essence, NGOs serve as the major conduit for disseminating Western aid, for instance, the US government channels about 40% of its aid programmes through NGOs to Africa. Together, NGOs operating in Africa account for the distribution of between 10% and 20% of all aid transferred to Africa (Jegers 2013). Donors, governments, corporations, international organisations and the UN are concerned about the role and accountability of NGOs in service delivery. NGOs themselves recognise the need to ensure good practises and support various measures for assessing positive outcomes in order to improve accountability to the people they serve.

One of the most important characteristics of NGOs is that of operating without distributing profits to stakeholders – the so-called 'non-distribution constraint' (Frumkin 2009). Salamon and Helmut (1992) support this argument by stating that NGOs are privately held entities that do not provide financial benefits for their members or stakeholders. In other words, they are privately incorporated groups with a charitable purpose of not profiting from the activities they carry. On this accord, NGOs have been recognised and acknowledged as important actors in any society from an economic, political and social standpoint (Clotfelter 1992). In so many developing countries, NGOs have been recognised as significant providers of health care services, social services, educational and cultural services of diverse kinds.

With the significant contributions of NGOs to the economy and society, the non-profit sector has for the past few decades received a lot of attention from researchers, donor organisations, regulators, government, the media and other stakeholders. Nevertheless, the management of NGOs have possibilities of window dressing their financial information within the legal boundaries. This makes them have an information advantage over the users of the financial information, resulting in having more and better information about the organisation. This leads to information asymmetry, which occurs when some parties in business transactions have an information advantage over others. With insider knowledge, the management can manoeuvre within the legal

boundaries so as to achieve their own personal objectives. These possibilities consist of the accounting choices the company's management can make. By making certain accounting choices, the management could have altered certain accounts. However, it is important to distinguish whether these accounting choices have been made in line with the normal activities of the NGOs or in order to influence the users of the financial information. The difference between the two forms of accounting choices lies in the intention of the management when making these accounting choices. The accounting choices can be made in line with the normal activities of the NGOs or solely with the motivation to improve the appearance of the company through the financial information provided in order to influence the users of this information.

In Cameroon, local NGOs are conducting activities that bear on the process of socio-economic development of the communities where they operate and, in the process, trying to ensure their own accountability. Despite their numerous contributions, they face a significant number of challenges that needs to be addressed if the Cameroonian government, including funders, wants NGOs to be full partners in development and well-being.

This article centres on one, albeit significant, aspect of local NGOs' (exclusively those operating in the Anglophone region of Cameroon a few years before and during the ongoing separatist war) disclosed financial statements, i.e., "reported earnings". Since there is the possibility of these earnings to affect the amounts of funds raised from diverse sources, there could be a motivation to disclose the earnings levels, different from "truly and fairly" calculated earnings after some "manipulations". Consequently, manipulation is viewed as the act of trying to show desired values of earnings different from those which would have been obtained if the actual situations were maintained. Therefore, to bridge the gap between the desired value and the actual consists of applying both legally acceptable and less legal accounting techniques which make the term "manipulation" not to be perceived as negative.

Earnings management is based on what has come to be known as "creative accounting". Mulford and Comiskey (2002) define creative accounting practises as any and all steps taken to engage in aggressive accounting principle of selection and application, fraudulent financial reporting or earnings management. Earnings management occurs when managers use their discretion in financial reporting and transaction structuring to alter financial statements in order to mislead stakeholders

about the organisation's economic performance or to influence contractual outcomes (Healy and Wahlen 1999).

Although some definitions of earnings management suggest that it is a fraudulent activity, earnings management differs from fraud in that managers can engage in earnings management within the constraints provided by Generally Accepted Accounting Principles (GAAP) without violating these standards, making it a legal practise. Earnings management is often accused of misleading or disfavours some stakeholders due to the inconsistent application of the possibilities within GAAP effects when the value is presented (Ben Amar, Salah and Jarboui 2018).

Despite the often-negative perception of earnings management, some authors argue that it can be beneficial since it theoretically increases the information value of earnings by communicating private information to both stockholders and the general public. Even if earnings management is not fraudulent, it is still a major issue because it can be advantageous to corporate executives. According to Healy and Wahlen (1999), opportunistic earnings management occurs when accounting choices are purposefully chosen to mislead stakeholders about the company's underlying economic performance. Managers engage in opportunistic earnings management.

2 Statement of the problem

NGOs are said to play a vital role in the growth and development of the society, hence, there has over the years been an increasing demand for accountability and transparency in this sector as various stakeholders (the government, the community, volunteers, funders, employees and the banks) are now interested not only in the non-financial reporting but also in the financial reporting requirements. The subject of earnings management is an issue that directly affects overall integrity of financial reporting and significantly influences resource allocation throughout the economy (Healy & Wahlen 1999). Prior studies in the non-profit settings support the view that the purpose of earnings management could be to mislead stakeholders who use financial information to assess an organisation's performance and/or to make grant decisions.

Contrary to the volume of work that has been documented on earnings management in the for-profit setting, research carried out in NGOs on earnings management practices within a crisis context are few. This is explained by the fact that there is

almost no motive or incentive for the practice of earnings management in the non-profit sector when looked at, at first glance.

Around the end of 2016, a peaceful protest by lawyers and teachers of Anglophone extraction evolved to incorporate old sentiments of Anglophone subjugation and the government responded by use of force which later on escalated to an armed conflict with horrifying spilt over effect. Following a report published by Amnesty International in June 2019, the arm conflict had resulted to over 3000 casualties, million people in need of some humanitarian assistance, about 530,000 people had been internally displaced and tens of thousands have been forced to flee into Nigeria as refugees. An estimated 42,500 children have missed at least a year of school and numerous reports indicating a substantial increase in gender-based violence (GBV) in the Anglophone region since the conflict started. This situation has seen many NGOs rising up like, Doctors Without Borders, International Rescue, Safe my Soul, Plan Cameroon International, CAMISUD and a host of others to help meet the needs of the population affected in these areas.

As a result of the growing socio-political crisis in Cameroon, many NGOs have been facing funding gaps whilst having to deal with an increasing demand for their services, this report was published by UNICEF in “Cameroon Humanitarian Report” as they stated that as of 28 February 2018, less than \$100,000 has been received, leaving a funding gap of \$23.3 million (Akame, Janelle and Rosaline 2018). Therefore, in line with the implications of stakeholder theory and Positive Accounting theory, this context can lead to increased pressures upon NGO trustees and managers to avoid or lessen the uncertainties induced by the shortage of resources while still attempting to fulfil the services expected by society and stakeholders. The instrumental variant of stakeholder theory recommends that NGOs are motivated to report accounting information that may be interpreted in a favourable light by key stakeholders, such as the zero-earnings level benchmark required by legal regulators and sponsors (Ballantine et al. 2007). This may require NGOs to perform more effectively or demonstrate more convincingly that their performance is sufficient to satisfy the requirements from different stakeholders in order to secure their funding by applying aggressive accounting practices that may lead them to report outcomes that meet their interest. The Government of Cameroon in the early 2017 agreed and embarked on a humanitarian response plan for the Anglophone region covering the period 2018-2019

with estimated financing requirements of CFA 12.7 billion as these regions were seen to be experiencing drastic depletion of both natural and human resources needed for their smooth functioning. This was to be championed by the various registered and recognized NGOs in these areas (Council Norwegian Refugee 2021). This stands to be a good opportunity for NGOs to manipulate their earnings so as to gain government approval. Therefore, there is a need to review the financial disclosure of these NGOs to ensure that they meet in all respect the objective of the stakeholders without any compromise.

The primary research questions are as follows: Do NGOs engage in earnings management practice within a crisis context? How is the distribution of Reported Earnings of NGOs in Cameroon within a crisis context? What role do abnormal accruals play as a tool of earnings management practice with the engagement of NGOs in a conflict zone? The objectives are, therefore, is to examine whether NGOs engage in earnings management practices; their distribution of reported earnings and examine the role abnormal accruals play as a tool of earnings management practices with the engagement of NGO in a conflict zone. The article is grounded on the assumptions that (i) reported earnings of NGOs in Cameroon are narrowly distributed around the zero profits threshold, (ii) abnormal accruals as a tool of earnings management by NGOs are less important in a pre-conflict period than during a conflict period.

3 Relevant literature

As far as earnings management or manipulations within a conflict context are concerned, just few studies have examined the practice within the NGO sector.

The first of such studies is the study carried out by Kumar and Vij (2017) who examine the earnings management behaviour of Indian companies throughout the 2008 financial crisis and compared the earnings management behaviour with the period before and after the crisis. It used the financial data of S&P CNX 500 firms for the period ranging from 2007 to 2012. The study's findings confirmed an increase in earnings management in companies prior to the crisis, a significant decline during the crisis, and a re-admission in the post-crisis period. It also looked at earnings management behaviour, categorising firms as having positive or negative discretionary accruals. They discovered that earnings management in both of these classes of firms

decreased throughout the crisis period and increased in the post-crisis period for firms with negative discretionary accruals.

Another study, conducted by Nguyen and Soobaroyen (2016) to investigate whether UK charities engage in earnings management practises, found that UK charities use discretionary accruals to drive their financial results towards a zero surplus or deficit, based on a sample of 1,444 charities over a five-year period (2008-2012). The findings also revealed that the distribution of reported earnings is common among UK charities. The article is, however, limited in that it did not include enough details on the individual income providers, which, if accessible, would have allowed for a more thorough analysis of the influence of the different stakeholders and resource providers on earnings management behaviour.

In a similar study carried out to detect earnings management and earnings manipulation in BRICS (Brazil, Russia, India, China, South Africa), Shahzad (2016) uses discretionary and non-discretionary as a proxy of earnings management. Using information from BRICS countries companies' annual reports, the author applied the Modified Jones model (cross-sectional) to ascertain the presence of earnings management. The author found strong evidence to prove that BRIC countries are involved in earning management and earning manipulation. Even though he had this evaluated after a hit hard global financial crisis, the author could not detect a significant earnings manipulation in the case of Russia using the model and this was partly justified in that Russian company's data collection are limited and do not follow the IASB or GAAP rather they follow their own country GAAPs. This same model will be used to test the case of local NGOs in Cameroon's Anglophone region.

Nonetheless, a study conducted by Paiva and Costa (2016) to determine earnings management in the hotel industry across 15 different countries including Australia, Bahrain, Bulgaria, Croatia Cyprus, France, Greece, New Zealand, Oman, Peru, Philippines, South Africa, Spain, Turkey and United States predicts the same outcomes as Cohen, Aiysha and Thomas (2008). The authors used discretionary accruals as an indicator for earnings management and to investigate the firm and country characteristics that are potentially associated with discretionary accruals. The study's findings suggest that firm characteristics, along with the leverage ratio, cash flow from operations, investment opportunities, and the frequency of losses, are the most important determinants of earnings management in the global hotel industry.

They also discovered that organisations based in more economically developed countries and those with common-law origins are less likely to use accounting discretion to manipulate earnings. Furthermore, they discovered that firms with more investment opportunities and high financial leverage, as well as those with higher cash flow from operations and more incidences of losses, are completely associated with a higher level of earnings management. These findings are also consistent with previous research indicating that higher operating cash flows appear to create more uncertainty in the operating environment (Francis et al. 2004). As a result, managers have a greater likelihood and incentive to exercise judgments and error estimation, increasing their opportunities to exercise accounting discretion.

The 2008 financial crisis was the focus of Filip and Raffournier's (2014) investigation into the earnings management behaviour of European-listed firms. For this, they examined data from 16 different nations. They discovered that earnings management sharply decreased during the crisis. The majority of the 16 countries under review displayed this tendency. Additionally, they discovered a link between earnings management levels and economic growth rates. Bepari, Sheikh and Abu (2013) conducted research on Australian companies' earnings management behaviour and industry implications during the 2008 financial crisis. They employed panel data regression techniques, parametric and nonparametric testing. In this study, 149 Australian TÜREGÜN 65 companies from the years 2006 to 2009 made up the sample. The study came to the conclusion that during the global financial crisis, Australian businesses boosted their earnings management practises by cutting income. Marc Jegers (2013) conducted a study similar to this one to determine whether NGOs in Belgium control earnings using a sample of 844 financial statements. He found enough evidence to demonstrate that Belgian NGOs manipulate revenues towards zero. Additionally, based on the Agency theory, we determined that there may be agency conflicts between the board and management, which are the primary causes of these manipulations, as well as debt. In the end, he came to the conclusion that larger organisations appear to be more likely to manipulate results to achieve levels of earnings that are nearly zero.

Berndt and Offenhammer (2010) studied the earnings management behaviour of the German banking industry, during the 2008 financial crisis. They used four different earnings management measures, taking into account similar institutional settings and

company differences, and discovered an increase in earnings management during the crisis. According to the findings of this study, using a relatively small data sample to analyse earnings management at the individual company level, it was discovered that earnings management was mostly applied to balance sheet and income statement items. Furthermore, they discovered that the rise in earnings management practise varies by company size, stakeholder disintegration, and the function of equity markets. Despite the abundance of evidence for earnings management, the findings show a decline in earnings' ability to be explanatory and informative throughout the financial crisis.

Leone and Van Horn (2005) also presented a traditional framework for earnings management referred to as a managerial reputation framework. They got a sample of 8,997 non-profit hospitals in the US with observations between the years 1996 and 2002, where they found evidence confirming their hypothesis that non-profit managers try to avoid losses, without necessarily trying not to avoid negative earnings (Leone and Van Horn 2005, 835). Given that profit maximisation is not the prime aim of NGOs, this result is not astonishing since managerial reputation is based on the fact that managers convey the message without jeopardising the financial viability of their organisations by accepting losses. Eldenburg et al. (2011) then came up again to test the hypotheses of Leone and Van Horn on 432 Californian non-profit hospitals, using data from 1998 to 2003, wherein they only looked at incentives to manage earnings to a range just above zero. Their findings also indicate that earnings are manipulated towards zero even though they are only for non-essential activities and not for core patient care activities.

This is similar to a study carried out by Beneish (1999) to detect earnings manipulation, which presented a profile of a sample of earnings manipulators, alongside their distinguishing characteristics and suggested a model for detecting this manipulation. The model's variables were designed in such a way to capture either the financial statement distortions that could result from manipulation or preconditions that could prompt organisations to engage in these kinds of activities. His results suggest a systematic relationship between the probability of manipulation and some financial statement variables. The evidence obtained was consistent with the usefulness of accounting information in detecting Accounting manipulation and assessing the reliability of reported earnings. The author's model was able to identify about half of

the companies and organisations involved in earnings manipulation prior to public discovery. Since the authors limited their study by excluding financial sector companies from the initial sample due to their unique characteristics, which could cause biases in the results, this finding cannot be fully generalised and should be interpreted with caution. It should also be noted that there are few women serving as chief executive officers and chief financial officers in corporations. Also removed from the initial sample were industries with less than 6 firms and nations with fewer than 5 firms. This implies that if all these factors are taken into account, the outcomes may differ.

Their findings also demonstrated that, in contrast to businesses operating at lower hotel quality ratings, businesses operating at five-star hotels have different motivations to manipulate earnings. This suggests that the amount of profits management in common law nations differs significantly from that in non-common law countries due to the star rating of the hotels. Even at this point, the authors made it clear that their findings did not aim to support the idea that business characteristics should take the place of nation features in illuminating profits management. Despite this claim, firm and nation variables in general have a significant impact on how earnings are managed.

Although several studies have been conducted to identify whether earnings management occurs in for-profit organisations both during and after a crisis, there have been few studies conducted in non-profit organisations to assess this phenomenon. The empirical results have shown that there is a significant incentive for accounting fraud in the profit-making sectors. A small number of empirical studies do, in fact, uncover evidence of earnings management in non-profit settings, but not in emergency situations (Leone and Van Horn 2005; Jones and Roberts 2006; Ballantine et al. 2007). This research concludes that while there is some empirical support for NGOs managing their earnings outside of a crisis situation, it is confined to a small number of nations or particular industries. For instance, a “zero profit” bottom line allows NGOs to suggest that they have used all incoming resources to satisfy their organisational goals. It also serves as a warning that more resources are needed in order to achieve those goals and objectives (Verbruggen and Christiaens 2012).

4 Research design and methods

The time serial ex-post-facto and analytical research designs was used to investigate the existence of earnings management in local NGOs in the Anglophone region of

Cameroon. In order to test for the possible existence of earnings management practice, discretionary accruals are considered as a proxy for earnings management (Jones, 1991; Dechow, Sloan and Sweeney, 1995; Verbruggen and Christiaens 2012). According to these authors, discretionary accruals represent managerial interventions in financial reporting policies in order to change the reported financial results. Discretionary accruals are therefore used to examine the earnings management phenomenon by NGOs operating in Cameroon's Anglophone region. This article adopts the modified Jones (1991) model to compute discretionary accruals, which serves as a proxy for accrual-based earnings management. The use of this model is motivated by numerous studies in for-profit settings which have extensively used it to test for the prevalence of earnings management, in different sectors as it captures the main element of earnings management which is discretionary accruals (Dechow, Sloan and Sweeney, 1995; Verbruggen and Christiaens 2012). The existence of discretionary accruals is viewed as evidence of earnings. Accruals generate opportunities for earnings management to occur because they require managers to forecast, estimate, and make judgments. However, not all accruals are equally capable of being manipulated, and we may therefore distinguish between non-discretionary accruals (NDACC), which are more difficult for management to manage, and discretionary accruals, which are easier, since the former has to do with elements which management has no control over but follows the market sequence, as compared to discretionary accruals, which are based on management's discretion to judge and qualify, and therefore this accrual represents no business reason for generating such accruals. The element of discretionary accrual is calculated by measuring the non-discretionary accruals as a portion of the total accruals in the Modified Jones model. In the event of the accruals being abnormal, we can say with certainty that earnings management has been postulated.

The final dimension of our research design is classifying NGOs relative to the zero-profit benchmark. We classify NGOs as below the benchmark if their reported net income is less than zero. Classifying NGOs above the benchmark is more subjective. Our underlying hypothesis suggests that NGOs' net incomes are narrowly distributed around Zero, which there are incentives for manipulation either slightly above or around Zero. The point at which profits are "well above" zero for NGOs is subjective and may likely occur along a continuum. It is worthy to note that only NGOs that are

founded and operated by Cameroonians (so-called local NGOs) are sampled in this study.

NGOs in the Anglophone region vary depending on the size, focus, scope and type of activities undertaken, ranging from activities that are geared towards promoting agriculture, to the provision of health and education, to the protection of the environment and human rights. Buea and Bamenda, the two regional capitals are the seats of most of the NGOs, some of whose activities are limited to the divisions. Such NGOs try to address the peculiarities of their respective areas. In all, the complex geographic and socio-cultural landscapes of these regions render the activities of these NGOs diverse, especially in the phase of the prevailing crisis. Generally, these NGOs work with well constituted groups rather than with individuals. They are four categories of NGOs existing in these regions: International, National, Regional and Divisional NGOs. International NGOs are those operating in the regions and other parts of the country but also have branches and projects in other countries. The second category of NGOs is National NGOs operating within the region. Most of them have headquarters in Bamenda and Buea and operate branches in other parts of the country. Regional and Divisional NGOs constitute the third and fourth groups respectively. Regional NGOs operate only within each region. They operate in at least two administrative divisions of the regions. Divisional NGOs carry out their activities within their respective divisions. They defend local interests and sometimes traditional and cultural values.

4.1 Nature of data sources

Within the scope of this article, we explore secondary data from offline and online sources including NGO financial and annual reports, books, journal articles, conference papers, legal texts and periodicals to answer the designed research question. The data is gotten from the various published financial statements of the local NGOs located within the Anglophone region of Cameroon. These statements have been published on the different organisations' websites. This data is therefore obtained from these various websites, others from the organisations themselves, and also from the National Institute of Statistics. A sample of 5 years' financial reports adopted from a convenient sample size of 20 NGOs in the Anglophone region of Cameroon for the period 2014 to 2018 is employed. This time period is chosen mainly because it spans

a long-time horizon before and during the crisis, which allows a large number of observations for the data analysis to be able to capture the effect of any of the socio-political crisis on the NGOs' earnings management practises. In addition, the time period spans multiple economic cycles that have befallen these two regions, thereby including periods of growth and recession.

4.2 Model specification

In this article, the model's variables used are designed in such a way to capture either the financial statement distortions that could result from manipulation or preconditions that could prompt organisations to engage in these kinds of activities during a crisis period. To test for the first hypothesis, an earnings frequency distribution is carried out based on Burgstahler and Dichev (1997) procedures to examine the phenomenon of reported earnings. If the distribution has a bell-shaped structure with an irregularity near zero, with the distribution of slightly positive reported earnings beyond normal expectations or small losses which are abnormally low relative to adjacent regions of distribution, then there is an indication of the present of earnings management (Burgstahler and Dichev 1997). To test whether abnormal accruals of NGOs increase with the engagement of the NGO in a conflict zone, firstly, we divide the periods into two; before the crisis (2014-2016) and during crisis (2017-2018), then compare the characteristics of the distribution of reported earnings to those of the distributions of unmanaged earnings, i.e., earnings before discretionary or abnormal accruals (EBDA, reported earnings minus discretionary accruals).

In order to test the prevalence of earnings management among NGOs during the crisis period, as mentioned above, the Modified Jones (1991) model is used. Many authors have attested to the effectiveness of this model in detecting earnings management. Sun et al. (2001) found out that modified Jones model have absolute power to measure earning management. Chen (2012) explained in his research methodology that modified Jones model has solid assumptions about its variables.

4.3 Modified Jones model (1991)

This model is built on the assumption that the management may have already manipulated the operating revenues, used for the estimation of the non-discretionary (expected) accruals. This model serves as a proxy to estimate earnings management by use of discretionary accruals (DACC). The greater the degree of discretion in the

accruals, the greater the tendency of managers to have earnings manage (Dechow & Schrand, 2004). This model is based on the fact that Total Accruals (TACC) is the combination of the elements of Non-Discretionary Accruals (NDACC) and Discretionary Accruals (DACC). Implying $TACC = DACC + NDACC$, $DACC = TACC - NDACC$. The following expression (Eq.1) will be used to calculate total accruals: $(TACC_t)$ and Eq.2 NDACC. $TACC_t = \Delta CA_t - \Delta Cash - \Delta CL_t + \Delta DCL_t - DEP_t$ (Eq.1).

5 Findings

The descriptive statistics for the five-year pooled data from 2014 to 2018 are summarised in Table 5.1 in which the number of each variable is deflated by the opening total assets. The mean total assets and mean total income of NGOs in Cameroon were 7,525 million FFCA and 7,115 million FFCA respectively. It is notable that voluntary income was the main source of income for NGOs in the Anglophone region of Cameroon, accounting respectively for approximately 79% of total income. This reflects the significant dependence on, and financial support from, a range of external stakeholders (sponsors, donors, funders and creditors). The dependence on this main source of income has been fluctuating from 2014 to 2018, with 2017 having the highest value. Furthermore, the results showed a mean surplus for 2014 to 2018, while the mean percentage of earnings over total assets was approximately 0.52%. This suggests that NGOs report small positive financial results just slightly above zero. The analytical results of the descriptive statistics indicate that the deflated reported earnings tend to be 0 (intervals between 0.002 and 0.011). We also observe that the medians are much higher than the means, indicating that the distributions are skewed to the left.

Descriptive Statistics					
Items	Minimum	Median	Maximum	Mean	Std. Deviation
Total Assets	6,855	7,738	8,094	7,525	611
Total Liability	3,543	4,113	4,277	3,943	352
Total Income	6,344	7,168	7,908	7,115	713
Internal Income	904	1,075	1,118	1,029	98
Voluntary Income	4,953	5,720	6,217	5,612	503

Earnings (surplus/deficit)	13	33	75	36	24
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Table 4.1: Descriptive Statistics (Pooled Data, 2014-2018)

The components that make up the financial statements from which the different accruals can be computed are shown on the table below. The table shows the summary figures for total assets, total liabilities, total income and earnings for the period 2014 to 2018. The element of total accruals for the period is also captured on the table.

The table shows a continuous rise in the total assets of NGOs in Cameroon from 2014 to 2018, indicating that NGOs turn to increase their assets annually, either through direct cash purchases or through donations and gifts. The liabilities and total incomes of the NGOs are also on a rise from 2014 to 2018. The movement of total liabilities from 2014 to 2016 (3543- 3584-4113) million was not significant as that of 2017 to 2018. This period (2017-2018) is seen as the period during which the crisis commenced and evolved. The situation for total liabilities is the same with the movement of total income for the various periods. There is a rise in total income of NGOs from the period 2016 through 2018. It shows that during the crisis period, NGOs have rather received more income than before. This can be explain in that this kind of periods places communities with high need for social amenities and basic needs as these things are always in short supply during such periods.

Looking at the reported earnings of NGOs, there has been a fluctuation between 2014 and 2016 (33 to 75 to 36 millions). From 2016, these NGOs have experienced a drastic fall in their reported earnings. The decline is narrowing as the years are moving ahead and as the crisis is persisting. It's very possible that the outcome of the subsequent years will be lower than the published figures for 2018. All these variables can be seen on the table below;

(Figures in million fcfa)					
Summary npos					
Variables	2014	2015	2016	2017	2018
Total assets	6,855	6,891	7,738	8,094	8,047
Total liabilities	3,543	3,584	4,113	4,199	4,277

Total income	6,344	6,443	7,168	7,908	7,710
Earnings (surplus/deficit)	33	75	36	21	13
Tacc	15	(61.1)	327.8	(33.4)	109.8

Table 5.2 Summary Statements of NGOs (2014-2018)

Total accruals for financial year 2014 stood at 15 million FCFA, indicating that managers do not have discretion to make judgment on Balance Sheet for up to 15 million FCFA. Total accruals for financial year 2015 were -61.1 million FCFA, which meant managers were responsible for judgment -61.1 million FCFA through balance sheet while preparing financial reports for the financial year 2015. The negative sign (-) indicated managers attempted to narrow total assets by choosing accounting practices that reduces accounts on balance sheet. Total accruals fluctuated greatly over 5 year period. In fact, over 5 year period, NGOs have gone through many changes in its assets.

	N	Minimum	Maximum	Mean	Std. Deviation
TACC	100	-.009	.042	.00900	.020347
Valid N (listwise)	100				

Table 5.3 Descriptive Statistics of Accruals

Descriptive statistics of total accruals

The table above shows the descriptive statistics of total accruals scaled by total assets for the period 2014-2018. This data is scaled by total assets to remove any variation that may result from changes in assets. The mean percentage of accrual over total assets for NPOs stands at 0.9%, indicating the amount of accrual available at the discretion of managers over a five year period. This accrual according to this study is further broken down into discretionary and non-discretionary accruals. Discretionary accruals form the backbone of this study as it serves as a proxy to determine earnings management. The value of Discretionary accrual is gotten by deducting NDACC from TACC. These analyses are explained below.

6 Accrual analysis

6.1 Discretionary accruals (DACC): descriptive

As mentioned earlier, the modified Jones model is used to determine the discretionary accruals (*DACCit*). The expected or non-discretionary accruals are estimated based upon three parameters: the historical value of property, plant and equipment (*PPEit*) on the one hand and the change in total income ($\Delta REVit$) and Receivables ($\Delta RECit$) on the other hand. Both are scaled by the total assets of the previous year (*Ait-1*). Table 6.1 shows that there is a large variation in the values of these parameters since the averages are much higher than the medians.

	N	Minimum	Maximum	Mean	Std. Deviation	Median
TACC	100	.00	.04	.0090	.02046	.00012
PPE	100	.43	.46	.4501	.00948	.21031
ΔREC	100	.00	.04	.0195	.01785	.00214
ΔREV	100	-.02	.19	.0770	.08442	.01100
Valid N (observations)	100					

Table 6. 1: Descriptive Statistics for Non-discretionary accrual parameters

6.2 Modified Jones Model

These parameters are then used to estimate Non-discretionary component of accrual (NDACC). According to the modified Jones model, this is done by regressing TACC (total accrual) on PPE (property, plant and equipment), $\Delta (REV-REC)$ [change in revenue less change in receivables) as seen below;

Coefficients ^a

Model	Unstandardized Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.219	1.727		-.127	.920
PPE	.485	3.849	.225	.126	.920
REV	-.093	.472	-.382	-.196	.877
REC	.861	1.710	.751	.503	.703

Table 6.2 Coefficients of Beta

The values for Beta are then substituted inside Eq.2 to obtain DACC. The result of

this is presented in table 6.3 below;

Variables	2014	2015	2016	2017	2018
TACC scaled by lagged assets	0.002	(0.009)	0.042	(0.004)	0.014
TACC scaled by lagged assets oft-1	0.00	(0.01)	0.04	(0.00)	0.01
ΔREV scaled by lagged assets oft-1	0.185	0.015	0.105	0.096	(0.025)
ΔREC scaled by lagged assets oft-1	0.038	(0.001)	0.028	0.003	0.028
PPE scaled by lagged assets of t-1	0.463	0.456	0.453	0.452	0.433
DACC	-0.003	-0.107	0.002	-0.067	-0.073

Table 6.3 Analysis of discretionary accruals for NGOs 2014-2018

The analysis of discretionary accruals according to Friedlan (1994) is presented under the figure 1 below:

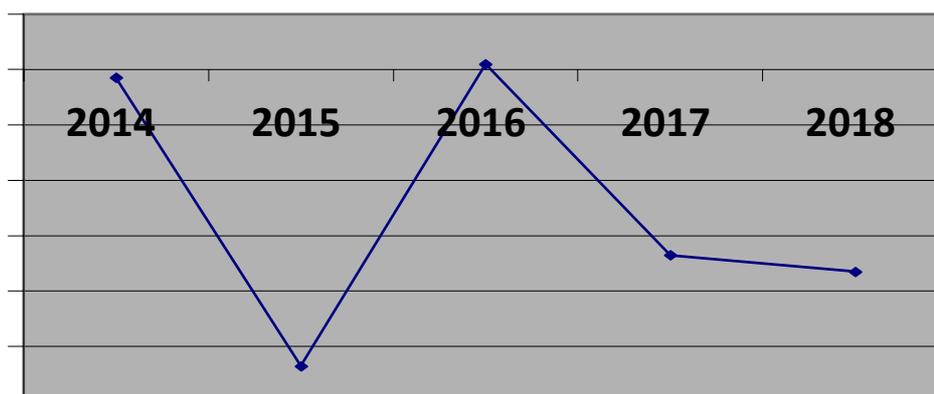


Figure 1: discretionary accruals according to Friedlan (1994)

From the distribution of discretionary accruals above, one can see that for five years (2014, 2015, 2016, 2017, and 2018), earnings have been deflated by manager's discretionary choice toward accruals. For example, in 2015 discretionary accrual was approximately -11%, which according to Friedlan (1994) means that earnings have been deflated by 11%. This therefore suggests that managers deliberately manage earnings downward by 11%.

Moreover, the discretionary accruals figure above shows that from 2017, there has been a drastic management of earnings downward from -6.7% to -7.3%. The downward movement between 2016 and 2018 apparently ties with the period of the socio-political crisis within the Anglophone region of Cameroon since according to

statistic, is the period during which the crisis took effect in 2016. This movement however could be attributed to the crisis, in that it has a positive effect on earnings management in NGOs. Since other factors such as managerial incentive and tax evasion can cause this downward movement, it is yet not very certain if this downward movement came as a result of the socio-political crisis rousing the two Anglophone regions.

7 Result of objective one: earnings distribution analysis

7.1 Distribution of reported earnings of NGOs within a crisis context

Burgstahler & Dichev (1997) assume that profits (earnings) are normally distributed if no earnings management is detected. Hence, abnormal discontinuities in the distribution of profits are considered as earnings manipulation by management. Figure 4.2 shows the Reported Earnings of the current period minus the Reported Earnings of the previous year divided by the total assets of the previous year. The distribution of the profits has been calculated over five years for 20 NGOs. The histogram shows a small abnormal discontinuity around zero. The number of observations in the interval just below zero is slightly lower than the number of observations just above zero; so small negative earnings occur in small proportions to positive ones. Though, small limited losses are not necessarily converted into small profits just above zero. This is compatible with hypothesis 1. However, this does not imply manipulations of whatever kind as these results might have been obtained by judiciously planning organisational activities. Below is presentation of this distribution;

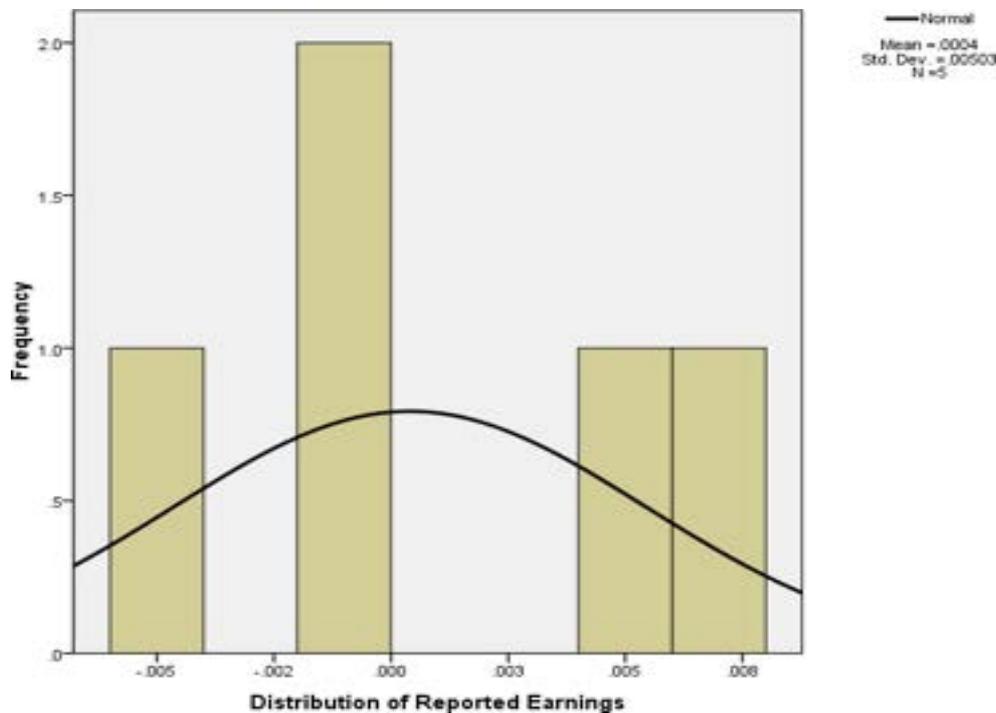


Figure 2: Reported earnings distributions for NGOs for 2014-2018

The above figure only reinforces the conclusion of a concentration of surplus/deficit around zero, as the mean of the observation stands at 0.0004. Figure 4.2 shows that there is a discontinuity towards the right and left of zero, indicating that managers of

NGOs have incentives to either decrease or increase surplus/deficit towards zero. The rationality of this reporting behaviour can be explained as small surpluses or deficits may create a good image for NGOs. In particular, this could express the competence of managers and trustees in operating NGOs, since on the one hand a small surplus means that NGOs have sufficient funds for their activities and to achieve their stated objectives, while on the other hand, if the results are slightly negative this suggests that NGOs have spent their budgeted allocations and may be considered to have met the requirements of sponsors and donors. Furthermore, the surpluses and deficits will be added to (or reduced from) the NGO reserves. A result close to zero net income may thus keep reserves at a stable level and make it easier for NGOs to explain their financial situation compared to unusual increases or decreases in reserves.

Result of objective two: to determine the role abnormal accruals play as a tool of EM practice with the engagement of NGOs in a conflict zone. (pre-earnings analysis before and during the crisis)

The second hypothesis argues that abnormal accruals as an EM practice of NGOs are less important in a pre-conflict period than during the conflict. In other words, the practice of EM by NGO managers through use of abnormal (discretionary) accruals is greater during a conflict period than during pre-conflict period. This hypothesis was tested by comparing the characteristics of the distribution of reported earnings to those of the distributions of unmanaged earnings both before and during the conflict, i.e., earnings before discretionary accruals (EBDA, reported earnings minus discretionary accruals).

Comparing the characteristics of the distribution of reported and unmanaged earnings

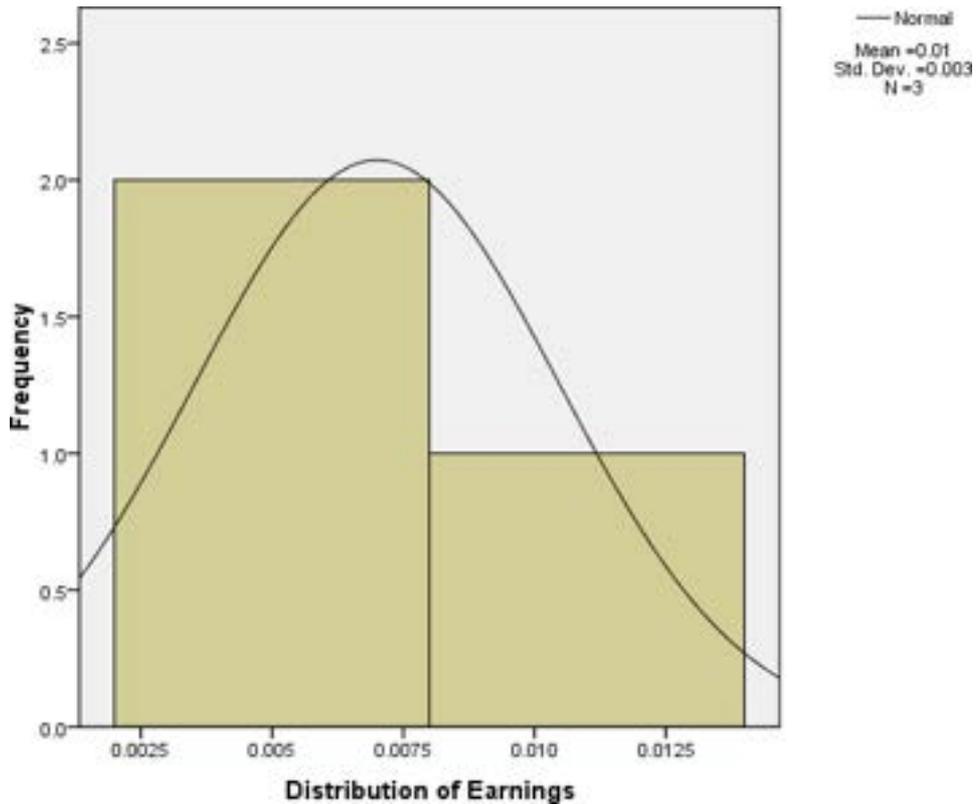


Figure 3: Distribution of reported earnings during pre-conflict period (2014-2016)

The distribution of reported earnings during the pre-conflict period shows that there has been the application of accounting practices to manage the earnings towards the threshold of zero. This is seen in the high frequency of earnings movement towards zero, demonstrated by a mean of 0.01. This however demonstrate that NGOs in the Anglophone region of Cameroon before the crisis preferred to disclose net income figures close to zero as this would be judicious use of the resources entrusted into their hands by donor organisations and funders.

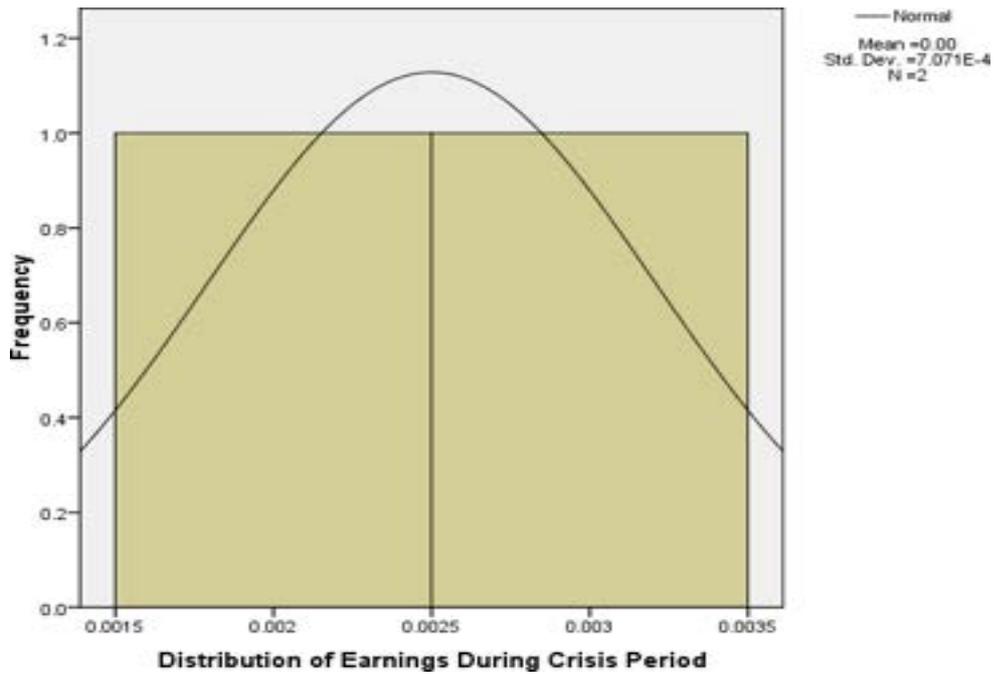


Figure 4. distribution of reported earnings during conflict period (2017-2018)

Figure 4. shows that reported earnings for NGOs have been evenly distributed as compared to the skewed distribution for the pre-conflict period. The mean of the distribution is zero but this is caused by the summation of all positive and negative reported earnings' figures. The normal distribution indicates that during the conflict period, NGOs have managed their earnings to have an outcome which is most desirable by most stakeholders as it presents a picture of efficient management of resources.

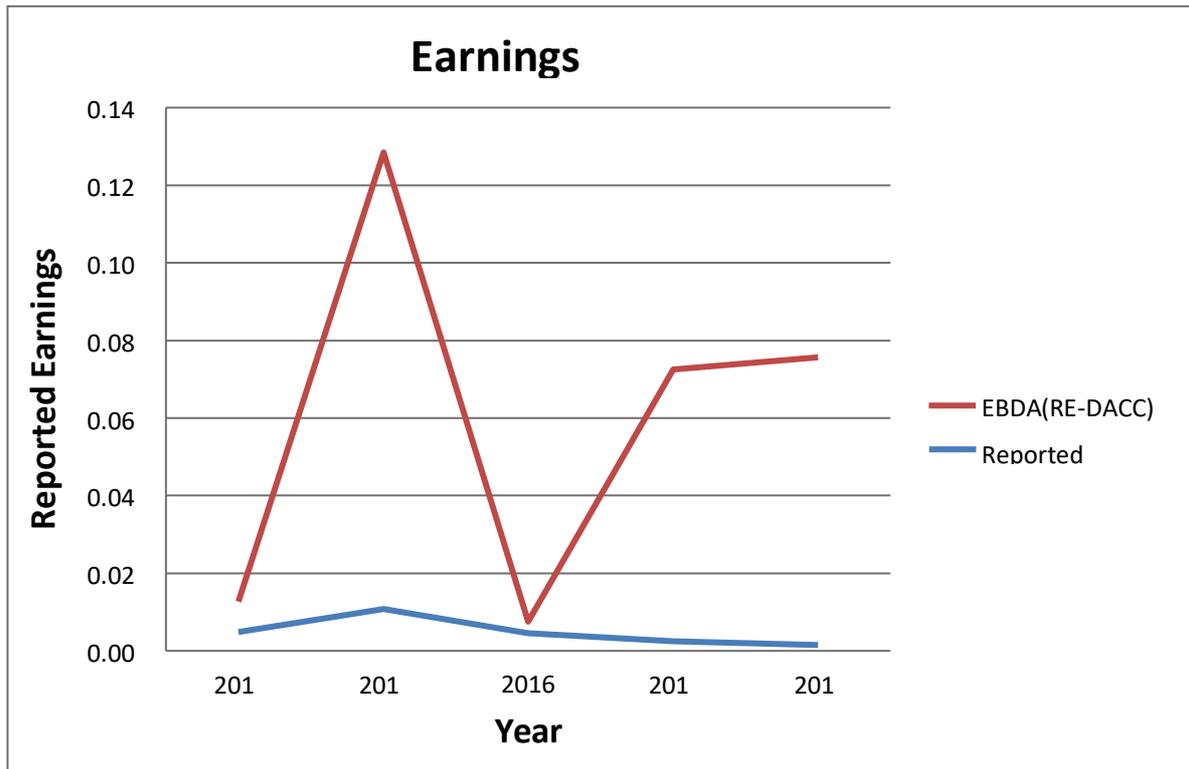


Figure 4.5 Distribution of Reported Earnings & EBDA before & during conflict (2014-2018)

The distribution of reported earnings for the period under consideration (2014 - 2018) is narrowly distributed around zero. This is due to the application of accounting practices by the various NGOs that will permit them to meet their objective which is not for profit making.

The figure above shows that earnings before abnormal accrual or discretionary accrual have been fluctuating between 2014 and 2018 and the application of discretionary accruals to achieve a zero profit was evident all through the period prior to the crisis and during the crisis. The application of abnormal accruals by NGOs to achieve a zero earning seems to be very high in the crisis period as the value of reported earnings to lagged assets for the period is almost zero (0.003 and 0.002) as the years go by. This downward management occurs as the value of the EBDA increases. From the analysis, as the years go by, it is possible that the value of reported earnings might turn to zero with increase in EBDA.

A comparison between the frequency distributions of post-managed (Reported Earnings) and pre-managed earnings (Earnings before Discretionary accruals) as shown on the table below

reveals that the means significantly differ (at a 5% level), illustrated by positive mean values of 0.04% for reported earnings and 5% for EBDA. This may imply that many NGOs rely on discretionary accruals to manage earnings upward before and during crisis period to achieve a slightly positive result. This illustrates that NGOs make use of abnormal accruals to manage earnings either downward or upward to achieve a zero profit objective. The researcher then performed an F-test to test the differences between means and variances for reported earnings and pre-managed earnings. The results show that the means of reported earnings and un-managed earnings are significantly different ($p\text{-value} > 0.05$), but the variances of those values are different at a significance level of less than 0.002.

The table below shows the descriptive statistics of the distribution of earnings (both reported earnings and earnings before the application of abnormal accruals) before and during the crisis period.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Variance
Reported Earnings	100	-.006	.006	.00040	.000
EBDA	100	-.008	.113	.05005	.002
Valid N	100				

Table 6.4: descriptive statistics of EBDA and reported earnings

In Table 6.4, we summarise the characteristics of reported earnings and unmanaged earnings. The mean of managed earnings (0.0004) is closer to zero than those of unmanaged earnings (0.05005). According to the Sign test, the variances are significantly different. Furthermore, the boundaries of the maximum and minimum of managed earnings are closer to zero than the boundaries for EBDA (0.006 versus 0.113 and -0.006 versus -0.008). All of these elements indicate a shift towards zero for reported earnings when compared to unmanaged earnings in both periods.

The relationship between DACC and EBDA was negative for the whole sample, and also for the case of negative and positive pre-managed earnings. In accordance with previous findings and conclusions about the negative relationship between DACC and EBDA (Leone and Van Horn, 2005; Verbruggen and Christiaens, 2012), NGOs appear to pay close attention to the disclosure of the bottom line on the financial statement both before and during a conflict period. If there is a high probability that the financial statements will report surpluses or deficits during a crisis period, NGOs appear to

adjust discretionary accruals downwards or upwards to ensure a result that is equal or close to zero. These results support the zero thresholds as NGOs consider abnormal accruals very important during a crisis period since they make use of abnormal accruals (discretionary accruals) to manage earnings upwards when pre-managed earnings are negative and downwards when pre-managed earnings are positive. The coefficient for this relationship is higher when pre-managed earnings are negative in comparison with positive pre-managed earnings (-0.995 vs. -0.951), implying that in years with deficit results NGOs are a little more aggressive in applying accruals to manage earnings upwards than in years with positive results.

Discussion in Relation to Research Question 1, Sub Research Objective 1 and Hypothesis 1:

How is the distribution of Reported Earnings of NGOs in Cameroon within a crisis context?

The findings shows that many NGOs will prefer to disclose either a small surplus or a deficit. This is seen in the abnormal distribution of reported earnings around zero. This is because small surpluses or deficits may present a good image for NGOs in the face of different stakeholders. This therefore goes to answer the sub research question and meeting the sub objective one; Surplus/deficits of NGOs in Cameroon are narrowly distributed around zero. This is in line with what the instrumental variant of stakeholder theory recommends that NGOs are motivated to report accounting information that may be interpreted in a favourable light by key stakeholders, such as the zero-earnings level benchmark required by legal regulators and sponsors (Ballantine et al., 2007). First, this could confirm the competence of managers and trustees in operating the NGOs, since on the one hand a small surplus means that NGOs have sufficient funds for their activities and are able to achieve their stated objectives of operating not for profit sake, while on the other hand, if the results are slightly negative this suggests that NGOs have spent their budgeted allocations and may be considered to have met the requirements of sponsors and donors. Secondly, the surpluses and deficits will be added to (or reduced from) the NGO's reserves. Therefore, this may motivate NGOs to use the reported figures to manage their reserve levels. A result close to zero surplus/deficit may thus keep reserves at a stable level and make it easier for NGOs to explain their financial situation compared to unusual increases or decreases in reserves.

Furthermore, from the perspective of stakeholders who support NGOs, there is an expectation that the financial support given to NGOs will be directed to beneficiaries (Breeze, 2010). Therefore, an NGO with a large surplus may prompt questions from donors and funders about its efficiency, as well as its capability to fully achieve its charitable objectives. This may have a negative impact on future resources. Therefore, the managing of surpluses/deficits may be a strategy to avoid uncertainties in future projects.

The results of this study tie with the results of the study carried out by Nguyen and Soobaroyen (2016) to investigate whether UK charities are engaged in earnings management practices, based on a sample of 1,444 charities over a five-year period (2008-2012) where they found out that surplus/deficit of UK charities are narrowly distributed round zero. This result is also in line with the study conducted by Leone and Van Horn (2005) who presented a traditional framework for earnings management referred in a managerial reputation framework. They got a sample of 8,997 non-profit hospitals in the US with observation between the years 1996 and 2002, where they found evidence confirming their hypothesis that non-profit managers manipulate earnings towards zero, reflected in the skewed distribution of earnings towards the threshold of zero.

Discussion in Relation Research Question 2, Sub Research Objective 2 and Hypothesis 2:

To determine the role abnormal accruals, play as a tool of EM practice with the engagement of NGO in a conflict zone

Abnormal accrual is one of the major instruments used by NGOs to drive the objectives to a desirable level. The findings show that there is the application of abnormal accruals both in a pre-conflict and conflict period with much attention placed during the crisis period. The result shows that NGOs aggressively make use of abnormal accruals within a crisis context to manipulate reported earnings downward when pre-earnings are positive and upward when pre-earnings are negative. The relationship between DACC and EBDA was negative for the whole sample, and also for the case of negative and positive pre-managed earnings. If there is a high probability that the financial statements will report positive or negative earnings, NGOs appear to adjust discretionary accruals downwards or upwards to ensure a result that is equal or close to zero.

The results of this study, however, differ from that of other studies earlier mentioned in literature; Kumar and Vij (2017), Filip and Raffournier (2014), Berndt and Offenhammer (2010), and Bepari, Rahman, and Taher Mollik (2013), who evaluated the behaviour of earnings management in profit organisations during a crisis period (Financial Crisis). Their findings revealed that these organisations do not consider the application of accruals to manage earnings during the crisis period as compared to the pre-crisis and post crisis period. There is rather a greater manipulation of earnings through accruals in non-crisis periods. Such an increase may be attributed to the restricted behaviour that the management had to exhibit during the financial crisis period. Hence, after a period of being restricted to manipulate the earnings during the crisis period, the managers tend to practice earnings management more in the post-crisis period owing to the various motives associated with it. This is not the case with NGOs as they rather have more incentive to apply abnormal accruals to manage their earnings so as to attract more funding to meet up with their charitable objectives. The difference comes as a result of the different sector of operations and objectives of the different organisations under review. NGOs rather receive much attention during a conflict period as their services are indispensable and their funding keeps increasing because of the needs of the affected. The results revealed substantial evidence of an increase in earnings management during a crisis context.

The findings actually provide evidence of NGOs engaging in earnings management in both periods of non-conflicts and conflicts. Therefore, NGOs do carry out earnings management because of different motives. This result ties with the study carried out by Nguyen and Soobaroyen (2016) to investigate whether UK charities are engaged in earnings management practices, based on a sample of 1,444 charities over a five-year period (2008-2012), who found out that UK charities use discretionary accruals to drive their financial results towards a zero surplus/deficit when pre-earnings are negative or positive. The results of this research are consistent with Leone and Van Horn (2005)'s results from 8,179 observations in US hospitals, which suggested that earnings before discretionary accrual are in a negative relation with discretionary accruals, leading the reported earnings (the sum of earnings before discretionary accrual and discretionary accruals) to be closed to zero. This means that discretionary accruals were applied to adjust earnings towards zero depending on the positive or negative pre-managed earnings. These findings are also compatible with Verbruggen

and Christiaens (2012) in the context of Belgian non-profit organizations. These authors also found that Belgian NGOs exercised discretionary accruals to drive the bottom-line item (earnings) in favour of zero reporting. The coefficients of EBDA (earnings before discretionary accruals) are negatively related to discretionary accruals in the case of both negative and positive EBDA, and this value is higher in the case of negative EBDA. Previous studies found that NGOs are engaged in earnings management by managing earnings toward zero, and this finding can now be extended to the Anglophone region of Cameroon context. This indicates a systemic managerial concern with the bottom-line result and the underlying message and image it might convey to external stakeholders, particularly sponsors, donors, beneficiaries and regulators. These results demonstrate the relevance of instrumental stakeholder theory since NGOs may intentionally behave in a specific manner (managing the bottom-line items) in order to satisfy particular stakeholders, such as sponsors, donors and regulators. Also, this practice can be explained by motivations to retain resources for operation and evade intervention from regulatory bodies and send out wrong signals to the different funders and donor organisations. All these practices come to support the theory of PAT which seeks to explain why managers will choose different accounting practices for external reporting. This also ties with the signalling theory which explains how managers of organisations will manipulate their financial statements so as to send out wrong signals to different stakeholders about their operations.

The statistical analysis suggests that accruals have a negative relationship with reported earnings (surplus/deficits). The results are significant for both positive and negative unmanaged earnings. This implies that NGOs with an increasing level of DACC consider managing earnings downwards in cases of operational surpluses, and when unmanaged earnings are negative, NGOs appear to manage deficits upwards. Hence, NGOs again show an intention to manage earnings toward zero, but one that is more robust in the presence of higher financial obligations. In this respect, hypotheses 1 and 2 are supported.

Finally, this study considers how the current socio-political crisis impacts earnings management by NGOs in Cameroon by splitting the data into two periods, period 1 (2014–2016) and period 2 (2017–2018), to explore any differences in the practice of earnings management by Cameroon's NGOs. However, the results show a significant

difference in earnings management practice between the two periods. With the value of discretionary accruals as seen on figure 4.1 keeps deviating negatively further from Zero (-0.067 and -0.073 from 2017 and 2018 respectively). This is an indication that managers of NGOs keep increasing the elements upon which they can exercise discretion with respect to their financial statements.

In comparison to prior studies, the results from this study appear to be consistent with prior findings indicating that NPOs might manage discretionary accruals (Leone and Van Horn, 2005; Verbruggen and Christiaens 2012) or even smooth their income so as to achieve a desirable outcome which will satisfy the various stakeholders.

8 Conclusions

The findings are consistent with prior research claiming that NGOs have various incentives to manage accounting figures using different techniques such as misclassifying functional expenditures to improve the program ratio and/or lower fundraising costs and lessen administrative expenses (Yetman 2001; Jones and Roberts 2006; Krishnan et al. 2006;; Yetman and Yetman 2012), and using discretionary accruals to manage earnings towards zero (Leone and Van Horn 2005; Ballantine et al. 2007; Verbruggen and Christiaens 2012; Jegers 2013). This research finds that a number of NGOs in the Anglophone region of Cameroon reported small positive earnings (surplus) or few losses around zero (hypothesis 1). When the results show a significant surplus or considerable deficits, discretionary accruals may be applied in order to direct earnings towards zero (hypothesis 2). This level is not a statutory benchmark, but it provides a way for NGO trustees to balance resources and expenditure as well as demonstrate efficiency in their operations. Moreover, this study suggests that other determinants of accruals have an association with reported earnings. In particular, the combination of an instrumental perspective on PAT, stakeholder theory and signalling theory can substitute for agency theory in explaining the varying behaviour of NGO executives during a conflict or crisis period. For example, the target reporting of close to zero earnings in Cameroon's NGOs during the crisis might be motivated by consideration of key stakeholders and uncertainties in accessing future resources.

Second, while the Cameroon context can be characterised as one where the regulatory framework of accounting for NGOs is not highly developed, the evidence

reinforces the view that accrual accounting can also offer the potential for discretionary behaviour by NGOs. Whilst not a novel insight in itself, this finding will be of interest to NGOs Commission, which may help strengthen its monitoring activities by taking into account the extent of discretionary accrual practices adopted by NGOs during a crisis period.

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