

**ANALYSIS OF THE CONTRIBUTION OF THE PROFILE OF THE
LEADER-OWNER TO THE FINANCIAL PERFORMANCE OF
THE CAMEROON INDIVIDUAL ENTERPRISE**

**ANALYSE DE LA CONTRIBUTION DU PROFIL DU DIRIGEANT-
PROPRIETAIRE A LA PERFORMANCE FINANCIERE DE
L'ENTREPRISE INDIVIDUELLE CAMEROUNAISE**

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Abstract:

This study aims to verify the influence of the personal and managerial characteristics of the owner-manager on the financial performance of the individual company. We collected our data from a face-to-face questionnaire with 152 Cameroonian companies. Our analyzes show that all the companies selected are sole proprietorships from different sectors of activity. Moreover, the binary logistic regression tells us that: the manager's level of education has no effect on the residual result, however, his training on the activity, his experience, his ability to innovate, his ability to invest exert a significant and positive influence on the residual result indirectly on the financial performance of the individual company. Similarly, when the executive is more than 40 years old, he exercises a significant and positive influence on the result of his business and thus on the financial performance of the individual company.

Keywords: personal characteristic, Managerial characteristic, owner-manager, financial performance, individual company.

Résumé:

Cette étude vise à vérifier l'influence des caractéristiques personnelles et managériales du dirigeant-propriétaire sur la performance financière de l'entreprise individuelle. Nous avons collecté nos données à partir d'un questionnaire en face à face auprès de 152 entreprises camerounaises. Nos analyses montrent que toutes les entreprises retenues sont des entreprises individuelles provenant de différents secteurs d'activité. De plus, la régression logistique binaire nous dit que: le niveau d'étude du dirigeant n'a pas d'effet sur le résultat résiduel, cependant, sa formation sur l'activité, son expérience, sa capacité à innover, sa capacité à investir exercent une influence significative et positive sur le résultat résiduel par ricochet sur la performance financière de l'entreprise individuelle. De même, lorsque le dirigeant a plus de 40 ans, il exerce une influence significative et positive sur le résultat de son entreprise et donc sur la performance financière de l'entreprise individuelle.

Mots clés: caractéristique personnelle, caractéristique managériale, dirigeant-propriétaire, performance financière, entreprise individuelle.

Introduction

The SME¹ is the backbone of any economy; the contribution in the economy is the main explanatory factor for this interest in SMEs. The International Labor Office (ILO) in 2015 on one of its reports confirms that the share of employment generated by SMEs is a majority in the member countries of the Organization for Economic Cooperation and Development; It also states that formal and informal SMEs combined in all countries of the world contribute about 60 to 70 percent of GDP² depending on the country.

In Africa, SMEs are one of the main sources of employment and income Tadesse, (2009). In sub-Saharan Africa, and particularly in Cameroon, these realities of SMEs are not left out. According to the statistics provided by INS³ (2010), these companies represent more than 90% of the Cameroonian national economic fabric, for a participation in the gross domestic product evaluated at about 34%. According to INS / FGCEC⁴ (2010), there are a total of 93,969 economic units and according to the Ministry of Small and Medium Enterprises of Social Economy and Handicrafts file, 95 % of these are SMEs; these SMEs provide more than 70% of job creation in Cameroon; in terms of representativity, INS / SGCEC⁵ (2018) reveals that out of the 209 482 economic units identified in Cameroon in 2016, 99.8% are SMEs.

However, the results of INS / FGCEC show that firms in Cameroon use only a very small proportion of the active population (almost 400 000 jobs only in an estimated workforce of nearly 10 000 000 individuals). In addition, INS / SGCEC (2018) reports that the companies employ a total of 635,969 permanent employees. There is an increase of 235,969 jobs, but it is insignificant compared to the labor force, which has not declined at all. Also, these companies do not live at all long time this is probably why the Camercap-Parc⁶ (2016), Revel that more than 7 out of 10 (more than 72%) companies created from 2010 to 2015, have not survived until May 2016; we can note here a concern for the sustainability of companies in Cameroon.

The reason advanced by some practitioners is that in Cameroon the business climate to a certain extent is not favorable for business development. More than half of the business

¹ Small and Medium Enterprise, which in Cameroon following the law n ° 2015/010 of 16 July 2015 amending and supplementing certain provisions of the law n ° 2010/001 of 13 April 2010 promoting SMEs, in particular in its article 3 paragraph 1, represents companies with a workforce of less than or equal to 100 individuals whose annual turnover excluding taxes does not exceed CFAF 3 billion.

² Gross domestic product

³ National Institute of Statistics

⁴ First General Census of Enterprises in Cameroon

⁵ Second General Census of Enterprises in Cameroon

⁶ Center for Analysis and Research on Economic and Social Policies in Cameroon

leaders surveyed (52.4%) during FGCEC give an unfavorable opinion of the business environment in Cameroon. Besides this, we can note that other entrepreneurs really do not have a problem with the economic environment of Cameroon; proof that the business environments, government policy about the companies, are not the only factors that can influence the health of an organization. So speaking of organizational sustainability, it is defined as the ability for a company to face in the course of its history to external or internal upheavals while preserving most of its identity (Mignon, 2009). We therefore note that the organizational sustainability goes through what bourguignon (2005) called performance (the action of the company, the result of the action of the company, the success of the company). For Benthami and Cherkaoui (2018), the viability of SMEs would also result from the importance that the SME gives to liquidity. In questioning the determinants of the performance of these SMEs, the ideas are diverse, including those referring to the profile of the leader; in this respect, the success of the SME would depend more on the characteristics of the entrepreneur (Cuevas, 1995; Fillion, 1997), and when we browse the literature on SMEs in Cameroon, it is clear that the relationship profile of the leader and financial performance has not been sufficiently explored. As a result, in the context of the sole proprietorship, as it is the most represented among SMEs in Cameroon (INS, 2016), and also as in Cameroon, about 85% of business promoters are at the same time leading managers. of their structure (INS, 2018), we wonder about the link between the profile of the owner-manager and the financial success of its structure; the purpose of this paper will therefore be to verify the effect that the owner-manager's profile may have on the financial performance of the sole proprietorship, hence the question: *Can the profile of the owner-manager contribute to the financial performance of an SME?*

To answer this question, it is important for us at first to review the literature on the subject, to return to the methodology adopted in a second time, to present our main results in a third time, in the end will follow a conclusion.

1. Key terms, theories mobilized, literature review

In this part, we will begin by defining our key terms, then we will present the theories mobilized as part of this study, in the end our literature review

1.1. Key terms

Here, we will say in turn what we mean by profile, owner-manager, financial performance, individual Company.

1.1.1. Profile

The profile in our sense is a set of elements that identify a thing or an individual; it is doubtful why Cardon (2008) qualifies it as a set of elements that characterizes a surfer (an internet user) on the Internet (international network of communication between computers). We will have for example: the photo, the sex, the age, the profession of the individual etc. The literature on the characteristics of the leader often divides them into two distinct groups: personal characteristics and attitudes. Toulouse (1979) distinguishes sociological characteristics such as ethnicity, religion, family background, education, age and work experience; psychological characteristics, that is to say the attitude of the individual to the risk, which can be a risk concerning his career, his family, the image he has of himself and of course, a monetary risk. It should therefore be noted that several elements are included in the designation of these characteristic features. In terms of the leader's profile, we can consider the historical elements (biographical profile) and the decision-making elements (managerial profile). The biographical profile can be likened to human capital (Paradas 1996). In the same paper, Rauch and Frese (2000), specifies that, the human capital relates to the knowledge and the experiences of the leader of the SME some other authors will add even the age of the leader. The managerial profile on the other hand reflects the manager's ability to invest (Storey, 1994), to innovate (Audretsch, 1995 ; Julien, 2001 ; Calvo & Lorenzo, 2001). As part of our work, we define the profile as a set of characteristic features of a business leader, to distinguish it from other business leaders.

1.1.2. Owner-Manager

The owner-manager is the one who personally manages his own structure; the one on which the management function within a structure is centered, the one that, in an organization, bears all the risks related to the activities of the said organization (in particular the individual company if applicable); it is this person within the organization whose characteristics can significantly influence the operation even the failure or success of the company. It is probably in this sense that Julien and Marchesnay (1988) think that because of the specificities of organization and management, some of the strengths of SME competitiveness depend on the ability of the owner-manager to master different levels of decision and action of the company.

1.1.3. Financial Performance

Performance can be understood in the sense of efficiency (that's what a thing, an activity, it can be synonymous with the word efficiency), productivity (ratio of output to input), or profitability (it is the ratio between the present value of future cash flows (cash flow,

difference between income and expenditure) and the invested capital). For other people, performance is a reflection of the very growth of the company, so it is nothing more than the evolution of the company or its expansion. This notion of performance can be summed up in the idea of success or success of the company. In short the performance is the action of the company, the result of the action of the company, the success of the company (bourguignon, 2005).

Finance means: accounting money; State budget, resources and expenses; set of those who do banking operations, big money business; management of the fortune, financial resources of a person or a company. This being the financial performance can be apprehended to the success or failure of an organization vis-à-vis the management of its cash flow. In a simplistic way it can be said that a company will be said to be financially efficient if it achieves its objectives at a lower cost, if it wins in its activities more than it invests. It can be observed at a company through: Its degree of achievement of objectives; the growth of its own funds; its level of indebtedness; its level of financial autonomy; its financial profitability. But in the context of our study we observed it via the residual result (net result minus the cost of invested capital).

Residual result this is what remains in the company when all charges are settled.

Residual result = Net income - (Required rate of return x Capital invested).

1.1.4. The Individual Company

The enterprise is the action of undertaking something, of starting an action; it is also what one undertakes. Example: Agricultural, commercial or industrial case, directed by a legal or natural person to produce goods or services for the market; it is also an economic unit of production; an economic organization, of a definite legal form, bringing together human, material, intangible and financial means to produce goods or services intended to be sold on a market to make a profit.

Individual here reference: to what belongs to an individual, to every person or person. As its synonym, we can have the word "personal"; he can have as antonym the word "collective". Individual enterprise is thus the kind of structure where: all the capital belongs to a single individual; all the risks related to the different activities of the company are borne by a single individual; the profit derived from the various activities of the enterprise is monopolized by the owner-manager who makes personal use of it; all the powers within society are concentrated in the hands of one person who happens to be the owner-manager, (Boungou, 2005). The Cameroonian sole proprietorship is the one whose entire capital belongs to a

Cameroonian; all risks associated with the various activities of the company are borne by a Cameroonian; all of whose profits from the different activities of the company belong to a Cameroonian. What theories can we mobilize in this case to explain the relationship profile of the owner-manager and financial performance of the individual company?

1.2. Theories mobilized to explain the financial performance

A theory remains a principle or a rule which bases rational knowledge. We will first present the theory of the right of ownership, then that of the higher echelons.

1.2.1. Theory of the right of ownership

The property law theory can be defined as a set of past and present writings, which relate to the right of ownership. This theory developed by Alchian and Demsetz (1972) can also be defined as a socially validated right to choose the uses of an economic good. The economic interest of property rights is that they are incentives for the creation and valuation of assets. Thus, the establishment of property rights makes it possible to internalize externalities, and thus to restore the efficiency of the market; however, they are most often incomplete, always because agents have only incomplete information. As categories of law which an agent can exercise on an object, one has: the use, the exploitation, the cession. Depending on the presence or absence of these attributes, only a manager who is also owner may have an interest in reducing waste and improving his efforts within his company because he benefits from the entire profit made by the structure.

To reconcile with our research, it turns out that the owner-manager in the sole proprietorship has the three rights (use, exploitation, assignment), since he is the only person called to take decisions, to bear risks, benefited from the residual profit. It is on him that rests the maximization of the objective function of the company (Alchian & Demsetz, 1972), the financial performance of the latter would depend on its leader, the capabilities of its leader, the profile of its leader. What will be the theory of higher echelons?

1.2.2. Theory of the upper echelons

The upper echelon theory was introduced by Hambrick and Mason (1984) with the intention explains how the personality traits of senior leaders affect the performance of organizations. The basic idea of this theory was to focus on the characteristics of senior leaders to better understand their impact on the organization's bottom line. According to Hambrick and Mason (1984) the demographic profile of executives has a significant impact on the organization's performance. The heterogeneity of the group is manifested by the diversity of personal backgrounds and leadership experiences at the higher levels. The central idea of this theory is

that senior executive's act on the basis of their personalized interpretations of the strategic situations they face. These authors identify six specific observable characteristics (age, functional background, other career experiences, formal education, socio-economic status, and financial position) that contribute to heterogeneity within the organization. For them, through the theory of higher echelons, the organizational results and the performances are the reflections of the attribute of the senior management. What does the literature tell us about the profile of the owner-manager and the performance of the company?

1.3. Synthesis of the literature on the relation profile of the manager and performance of the company

Faced with the opening of the borders to the multinationals, with the accentuation of the competition, the performance via the competitiveness became a necessity in certain companies. To achieve this, certain prerequisites are necessary. Djoutsa and Hikkerova (2014) who follow this logic have shown that the durability of a company depends on the professional background of its leader, his level of study and his age. Takoudjou's (2016) audits reveal that the profile, or the characteristics: personal (gender, experience, level of education) and managerial (innovation and investment) characteristics of the manager are key factors for the growth of MPE (micro and small enterprises) Cameroonian.

Based on the studies conducted by Diagne (1984) we can say that the evolution of micro enterprises is related to the level of study of their leader. In addition, several other authors state that the manager's level of education has a favorable influence on the growth of the firm (Mcpherson, 1994; Janssen, 2000; Capelleras & Rabetino, 2008 ; Ganotakis, 2010).

Hypothesis 1: The higher the level of study of an owner-manager, the greater the residual result of the individual enterprise.

Moreover, Filion (1997) believes that to gain competitiveness, business leaders, especially SMEs, must change the way they do business by developing multiple skills through creativity, versatility, dynamism and vision. Skills are the reflection of knowledge (resulting from training), know-how (fruit of professional experience) and savoir-vivre (expression of the potential synergy of individuals working together); while vision is a prediction of the future (Filion, 1989).

Hypothesis 2: The fact that an owner-manager has had training in the activity he or she carries out improves the residual result of the sole proprietorship.

To continue, Zhengxi and al. (1999) observe that an unsatisfactory previous situation of the entrepreneur favors the non-development of his enterprise (such as a situation prior to

unemployment or unsatisfactory work experience); what this author says, in our opinion is not always true since some business executives fresh out of a situation of unemployment generally tend to make hands and feet to not return as well as those who have failed previously lack of experience usually learn from their failures. Julien (2000), for his part, observes a positive link between an entrepreneurial family origin and the growth of a company. Janssen (2002) states that an officer from a family with one or more entrepreneurs will benefit from their experience and will be able to rely on family financing. For us, the idea advocated by these two authors must be qualified insofar as in certain contexts, in this case that of Cameroon, the theory of strong links and weak links coexist, which means that the presence of a former entrepreneur (s) in a family, does not necessarily guarantee success among (or supports) young entrepreneurs from the same family. Apart from the level of education, professional experience turns out to play a key role in developing the capacities of SMEs. Entrepreneurs who have many years of experience and have been able to put it to good use, entrepreneurs who have a zero profile but who are surrounded by specialists (case of Cameroonian FOTSO Victor) usually have faster growth companies. Previous experience in another company is also important because of the skills and contacts established in the previous job. This is confirmed by many other writings for which, the manager's experience or his knowledge of some things and his economic environment, positively influences the growth of the company (Perren, 2000, Capelleras & Rabetino, 2008, Boukar 2009, Grilli, 2011).

Hypothesis 3: The fact that an owner-manager has experience guaranteeing a good residual result at the sole proprietorship.

In addition, other writings reveal that the age of the owner-manager tends to have an adverse influence on the growth of the firm (Boswell, 1973; Davidsson, 1991). Young entrepreneurs are generally more inclined to take risks and grow their businesses; however, their financial resources and networks are often limited in most cases.

Hypothesis 4: The higher the age of an owner-manager, the better the residual result of the individual enterprise.

In addition, d'Amboise (1997) notes that the company's (internal and external) environments are fraught with complexity. He goes on to say, this requires the leader to be able to properly manage the complexity in such a way as to realize his personal ambitions. This complexity can be translated by interactions and their frequency between different economic actors such as competitors, suppliers, distributors and customers. The apprehension of this complexity is

based on intuition and above all on rationality as well as Amboise's ability to be flexible (1997). As the business environment is complex, the manager must therefore be flexible enough to hold a certain number of capacities that will allow him to overcome the complex environment and make the company perform well. In this logic, we can note in the literature writings that establish a link between the ability to invest (storey, 1994), to innovate (Audretsch, 1995, Calvo & Lorenzo, 2001, Julien, 2001) and the performance of the business. So to be successful, it will have to constantly meet the needs of its customers through new and targeted approaches; but also by exploring new markets.

Hypothesis 5: The ability of an owner-manager to innovate boosts the residual result of the individual enterprise.

Hypothesis 6: The ability of an owner-manager to invest favors the residual result of the sole proprietorship.

2. Methodological aspects of the study

The device of the empirical study is divided into three main elements. First, the procedure of making the sample and collecting data; then, setting up the theoretical research model and defining the variables; and finally, the presentation of statistical methods of data analysis.

2.1. Constitution of the sample and data collection

The target population consists of Cameroonian sole proprietors, located in the western and coastal regions. For this purpose, a hypothetico-deductive questionnaire was administered by us in August 2017 to the individual companies in the sample. Of 180 administered questionnaires, 152 were considered exploitable, 28 others not. The size of this sample is justified by the fact that in Cameroon, the leaders are mostly reluctant regarding the disclosure of information about their business. Regarding the sampling method, we opted for the non-probabilistic method more precisely, the method of choice sampling because in Cameroon it is difficult to find a list that bears the name of all the companies that exist, which takes us away from the probabilistic sampling method.

2.2. Construction of the model and definition of the variables

The manager's skills (which can be explained by the 3S and the managerial abilities), and the strategic vision of the latter influence the company. Skills are the reflection of knowledge (resulting from training), know-how (fruit of professional experience) and savoir-vivre; while vision is a prediction of the future (Filion, 1989). Later, Paradas (1996) will talk about: historical elements (biographical profile) and decision-making elements (managerial profile) as an element that can be part of the profile of a leader. Rauch and Frese (2000) specify that

the knowledge and experience of the leader refers to the historical elements of Paradass. There is also a link between the age of the leader (Boswell 1973, Davidsson 1991); the ability of the latter to invest (storey, 1994); to innovate (Audretsch 1995, Calvo & Lorenzo 2001, Julien 2001) and the company's performance. So for these authors, the elements mentioned above, determine the success of the company. Based on all this and therefore only retaining, the level of study of the owner-manager (**OWMA**), his training (**TRAI**), his experience (**EXP**), his age (**AG**), his ability to manage who can understand his ability to invest (**ABINV**), its ability to innovate (**ABINNOV**), as independent variables, set up our model.

Using as a dependent variable the financial performance (**FIPER**) we have:

$$\text{FIPER} (\text{FIPER} / x_1, x_2, \dots, x_6) = e^{(\beta X)} / 1 + e^{(\beta X)}$$

With βX the matrix of coefficients and variables.

Table 1: Measurement of Study Variables

Variables	Measures	Authors	
financial performance (FIPER)	Residual result (dichotomous variable): 1 if good; 0 so bad.	Cormier, Magnan et Zéghal (2001)	
Owner-manager (OWMA)	Basic level of study of the owner-manager: 1 = Primary; 2 = secondary; 3 = top.	(Rauch et Frese, 2000)	(Paradas, 1996) (Filion, 1989)
Training (TRAI)	Professional training of the owner-manager: 1 = Self-taught; 2 = On the activity; 3 = In economics; 4 = in management; 5 = In computer tools.		
Experience (EXP)	Owner-manager experience (dichotomous variable): - as a company manager, 1 if yes; 0 if no. -In the sector of activity, 1 if yes; 0 if no.		
Age (AG)	Age of the owner-manager: 1 = Month of 20 years; 2 = Between 20 and 29 years; 3 = Between 30 and 40 years; 4 = More than 40 years	(Boswell, 1973; Davidsson, 1991).	
ABINV (Ability to Invest)	The owner-manager has the capacity to innovate (dichotomous variable): 1 if yes; 0 if no.	(Audretsch, 1995 ; Julien, 2001 ; Calvo & Lorenzo, 2001).	
ABINNOV (Ability to Innovate)	The owner-manager has the capacity to invest (dichotomous variable): 1 if yes; 0 if no.	(Storey, 1994)	

Source: Authors

2.3. Statistical methods of analysis and data processing

In terms of the descriptive analysis, we used flat sorting and cross sorting, which allowed us to: find out how the respondents provided answers to our various questions; to detect links between the variables mobilized. For the explanatory analysis, considering the nature of the variables, we opted for logistic-type regressions because we have to do a lot more here to the binary variables. This method has also interested us because it makes it possible to explain a qualitative dependent variable according to several other independent qualitative or quantitative variables. The methodological device thus presented, we will now present the results of our study.

3. Results of the study

We will first present the results of the descriptive analysis and then those of the logistic regression.

3.1. Result of the descriptive analysis

First, it should be noted that analysis is the detailed examination for the discernment of the constituents of a whole; the result being the consequence of an operation, of a posited act. What does the descriptive analysis reveal to us?

3.1.1. Main results of flat sorting

In the owner-manager sample we had selected 18.4% do in agriculture; 31.6% in the trade; 18.4% in catering; 15.8% in the service; 15.8% in the industry. All the companies selected (100%) are individual because the managers who are there are each on his side: the sole owner of the capital of the company, the sole owner of the residual profit, the only person who supports all the risks related to the activities of the company.

3.1.2-Result of the chi-square independence test between the variables

The Pearson chi-square test makes it possible to detect any dependencies between the variables used in a search.

➤ Results of the test of independence between the personal characteristics of the manager and the financial performance

The personal characteristics of the leader are distinctive elements related to the very person of the leader Takoudjou (2016).

Table 2: Independence Test Results between the Leader's Personal Characteristics and the Residual Outcome

Variables	Items	Financial Performance (Residual Result)			
		Values	Asymptotic Meanings	Degrees of Significance	Decisions
Owner-manager (OWMA)	Primary	20,030	0,67	/	No dependency
	Secondary	14,642	0,262	/	No dependence
	Superior	3,110	0,795	/	No dependency
Training (TRAI)	self-educated	10,311	0,589	/	No dependency
	On the activity	18,661	0,097	10%	Addiction
	In economy	2,082	0,555	/	No dependency
	In management	4,479	0,214	/	No dependency
	In computer tools	19,380	0,080	10%	Addiction
Experience (EXP)	In the business sector	24,547	0,004	1%	Addiction
	As a chef	33,508	0,001	1%	Addiction
Age (AG)	Under 20 years	1,133	0,769	/	No Dependency
	20 to 29 years	9,249	0,415	/	No Dependency
	30 to 40 years	2,892	0,409	/	No Dependency
	More 40 years	19,820	0,071	10%	Addiction

Source: Authors 10%, 5% and 1% represent the significance thresholds

From the results of the table above, we note:

-That there is no significant relationship between the different levels of study and the residual result; we therefore remember that it is not enough to have attended to get by in entrepreneurship.

-A significant relationship at the threshold of 10% each between training on the activity, training in computer tools and the residual result while this relationship is not significant between the training: self-taught, in economics, management and the same result. It is

therefore important for the Cameroonian entrepreneur to ensure prior training on the activity, on new technologies to ensure the success of his company.

- A significant relationship at the 1% levels each between experience (in the business line, as a leader) and the residual result. The contractor should not have neglected the experience factor in these activities.

- A significant relationship at the 10% threshold between the age "over 40" and the residual result against this relationship is not significant for ages up to 40 years. The entrepreneur must also consider his age in all he undertakes.

➤ **Results of the independence test between the managerial characteristics of the manager and the financial performance**

The managerial characteristics of the leader are those distinctive elements related to the management of a leader Djoutsa Wamba and al. (2017).

Table 3: Result of the test of independence between the managerial characteristics of the manager and the residual result

Variables	Items	Financial Performance (Residual Result)			
		Values	Asymptotic Meanings	Degrees of Significance	Decisions
ABINNOV (Ability to Innovate)	Arrive to conquer new customers	4,765	0,190	/	No dependency
	Arrive to retain consumers.	1,412	0,703	/	No dependency
	Has improved the quality of its products / services.	1,412	0,003	1%	Addiction
ABINV (Ability to Invest)	Has enlarged its premises	0,726	0,867	/	No dependency
	Expanded to new sites / markets	11,961	0,008	1%	Addiction
	Renews his equipment often	14,424	0,002	1%	Addiction

Source: Authors. 10%, 5% and 1% represent the thresholds of significance

From the results of the table above, it is noted that there is a significant relationship at the 1% threshold each between "improved the quality of its products / services; expanded to new sites / markets; often renews his equipment "and the residual result; on the other hand, there is no

significant relationship between "gets to conquer new customers; achieves consumer loyalty; has enlarged its premises and the residual result. What does the logistic regression tell us about the different variables?

3.2. Presentation and interpretations of logistic regression results

Since we have to deal with a qualitative and dichotomous dependent variable, it is the binary logistic regression method that will allow us to explain it according to the qualitative or quantitative explanatory variables.

Table 4: Effect of Officer's Personal Characteristics on Residual Outcome

	Dependent variable: Financial performance (residual result)				
Independent variables	Items	Coefficients	Z	Prob	Significance
Owner-manager (OWMA)	Primary	3,44	1,61	0,107	/
	Secondary	-1,93	-1,24	0,213	/
	Superior	6,55	2,23	0,26	/
Training (TRAI)	self-educated	2,34	1,92	0,55	/
	On the activity	3,15	2,75	0,006	1%
	In economy	-12,05	-0,01	0,995	/
	In management	14,55	0,01	0,994	/
	In computer tools	-1,18	-1,6	0,110	/
Experience (EXP)	In the business sector	9,007	2,83	0,005	1%
	As a chef	4,91	2,78	0,005	1%
Age (AG)	Under 20 years	-3,510	-1,22	0,222	/
	20 to 29 years	0,89	0,64	0,521	/
	30 to 40 years	7,060	2,48	0,013	5%
	More 40 years	3,097	2,26	0,024	5%
	N= 152 Prob> ch2 = 0.0000 LR chi2 (19) = 66.48 Nickname R ² = 0.7052				

Source: Authors

From the results of the binary logistic regression, we find that this model is globally good at 1% since the probability is 0.0000. In addition, the independent variables account for 70.52% of the variability of the dependent variable "financial performance (residual result)". We also note that:

-No level of study has any effect on the residual result. The financial performance of the sole proprietorship can not therefore be determined by the level of study of its owner-manager. This follows our independence test results which already showed that the manager's level of education had no significant relationship with the residual result of his company. So this contradicts the work of Diagne (1984); Jansen (2000), for whom the level of study of the leader of the small firm has a favorable effect on the performance of the said company.

Hypothesis 1 is not validated.

-The self-training, in economics, management, computer tools have no significant effect on the residual result.

However, the training on the activity significantly and positively influences the residual result at the 1% threshold with a coefficient of 3.15. This joins and complements the result we had during the test of independence, which already said that the detention by the leader of a specific training on the activity he leads had a relationship with the result of the company. Therefore, the owner-manager who has specific training on the activity that the company conducts is an asset for the company in the quest for financial performance. This goes in the same direction as the work of Filion (1997) for whom the training of the leader allows the improvement of the competitiveness of a small company. **Hypothesis 2 is therefore validated.**

-The experience of the manager (in the business sector, as a leader) has a significant and positive impact on the residual result of the individual company at the 1% threshold, with respective coefficients 9.007 and 4.91. This adds to the result of the independence test which already showed that there was a relationship between the manager's experience and the residual result of the company; it is therefore deduced that the manager's experience is an important element in the search for the financial performance of his company. This is consistent with the work of Perren (2000); Boukar (2009), who argue that the performance of small business also depends on the experience of its leader. **Hypothesis 3 is therefore valid.**

-The age of the owner-manager from 0 to 29 years has no effect on the residual result.

However, in the "30 to 40 years" and "more than 40 years" intervals, the executive officer has at the 5% level each of the significant and positive influence on the result of his company with

the respective coefficients 7,060 and 3,097. This is in line with the independence test result, which already indicated that over 40 years of age the manager's age became linked to the residual result. We can therefore note that the more the leader's age grows, the better the financial performance of his company. This confirms the work of Boswell (1973) and Davidson (1991), who for their part showed that young people, although more inclined to take risks in order to make their business efficient, are limited in terms of resources and resources. Networks able to accompany them in the search for the said performance. **Hypothesis 4 is following this validated.**

Table 5: Effect of Leader's Managerial Characteristics on Residual Outcome

		Dependent variable: Financial performance (residual result)			
Independent variables	Items	coefficients	Z	Prob	Significance
ABINNOV (Ability to Innovate)	Arrive to conquer new customers	0,39	0,35	0,72	/
	Arrive to retain consumers.	0,038	0,03	0,974	/
	Has improved the quality of its products / services.	7,13	3,03	0,003	1%
ABINV (Ability to Invest)	Has enlarged its premises	-0,42	-0,49	0,62	/
	Expanded to new sites / markets	0,64	0,81	0,417	/
	Renews his equipment often	1,86	1,66	0,097	10%
N= 152					
Prob> ch2 = 0.0000					
LR chi2 (19) = 30,08					
Nickname R ² = 0.6352					

Source: Authors

The results of the binary logistic regression lead us to note that the model is globally good at 1% since the probability is 0.0000. In addition, the independent variables explain to 63.52% the variability of the dependent variable "financial performance (residual result)". It can also be noted that:

-The conquest of new customers, the loyalty of consumers, has no significant effect on the residual result.

On the other hand, "improving the quality of its products / services" significantly and positively influences the residual result at the 1% threshold with a coefficient of 7.13. This closely matches the result of the independence test, which already showed the existence of a relationship between the improvement of the quality of its products / services and the residual result of the company. We can therefore say that a leader who is able to innovate tends to boost the financial performance of his company. This rallies the writings of Audretsch, (1995); Julien, (2001); Calvo and Lorenzo, (2001) who all say that the performer of a company passes by the innovation carried out within it. **Hypothesis 5 is in this logic, validated.**

-The fact of expanding its premises, expanding into new markets or sites has no significant effect on the company's results; where as the fact that a manager renews his equipment from time to time significantly and positively influences the residual result at the 10% threshold with a coefficient of 1.86. This faithfully reflects the outcome of the independence test which already showed the existence of a relationship between "often renews its equipment and residual result". So the fact that a leader invests more in the company allows the improvement of the result of the latter. This follows the work of Storey (1994); According to him, a company has easy access to performance if its leader makes investments in the structure. **Hypothesis 6 is thus validated.**

Conclusion

The purpose of this paper was to explain the financial performance of the Cameroonian sole proprietorship through the personal and managerial characteristics of the owner-manager. The results obtained from the test of independence of chi-square, shows us that the training of the leader on the activity, in information tools; His experience; his age (when he is high); its capacity to innovate, to invest, have significant relations with the residual result of the individual company, whereas this relation is not significant between this same result and the level of study of the leader. In addition, the interpretations of the results of the econometric estimates confirmed the results of the independence test; leadership training on the activity; His experience; his age (when he is high); its capacity to innovate, to invest have each a significant and positive effect on the residual result of the individual company, which is not the case with its level of study. All this leads us to invalidate **hypothesis 1 and to confirm hypothesis 2, hypothesis 3, hypothesis 4, hypothesis 5, hypothesis 6** and then to say that the formation leader on the activity that leads the company; the experience of the leader in the

position of leader, in a sector of activity; the age of the officer from 41 years upwards; the ability of the manager to innovate, to invest, are elements that must be taken into account to ensure the financial performance of a small company, which is not necessarily the case with the variable level of study of the leader. As a limit, our study did not take into account all the regions of Cameroon.

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