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# Discretionary manipulation of accounting information and managed partnership value in managerial firms

# Manipulation discrétionnaire de l'information comptable et valeur partenariale aménagée dans les entreprises managériales

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**Abstract**

The theory of managerial discretion used in the research of the link between the manipulation of accounting information and the creation of value is based on the degree of discretionary power of the manager. Through this research based on the quantitative approach in its hypothetico-deductive dimension, 96 managerial companies constituted our sample. Thus, the objective of this article is to analyze the nature of the relationship between the discretionary manipulation of accounting information and the creation of the managed partnership value. To this end, the empirically collected primary data were processed through principal component analysis and regression analysis. Finally, we found that the voluntary discrimination in the management of accounting data is related to structural contingency factors on the one hand, and to the desired objectives of the main actors in the production of accounting information on the other hand.

**Keywords**: Managerial discretion; Discretionary power; Accounting information; Accounting policy; Adjusted partnership value.

**Résumé**

La théorie de la discrétion managériale mise à contribution dans la recherche du lien entre la manipulation de l'information comptable et la création de la valeur, s'appuie sur le degré du pouvoir discrétionnaire du dirigeant. A travers cette recherche fondée sur l'approche quantitative dans sa dimension hypothético-déductive, 96 entreprises managériales ont constituées notre échantillon. Ainsi, l'objectif de cet article est d'analyser la nature de la relation entre la manipulation discrétionnaire de l'information comptable et la création de la valeur partenariale aménagée. Pour cela, les données primaires, empiriquement collectées, ont été traité à travers une analyse en composante principale et une analyse de régression. En dernier ressort, nous avons constaté que la discrimination volontaire lors de la gestion des données comptables est liée aux facteurs de contingences structurelles d'une part, et aux objectifs souhaités par les acteurs principaux de la production de l'information comptable d'autre part.

**Mots-clés :** Discrétion managériale ; Pouvoir discrétionnaire ; information comptable ; Politique comptable ; Valeur partenariale aménagée.

## Introduction

The desire to overcome obstacles related to the business environment subjects managers to several kinds of pressure. Indeed, several researchers have been interested in discretionary managerial choices (Watts & Zimmerman, 1986). These orientations given by managers have long been labelled as primary opportunism by several researchers, following the example of Schipper (1989) for whom results management is a deliberate intervention by the manager in the external financial information process, with the aim of appropriating personal gains. On the other hand, this management practice could be a signal sent by the company to its external partners. Especially since, accounting standards leave substantial discretionary space to managers in the form of a set of options (inventory valuation, depreciation method, ...) or valuation in the accounting (rate of provisioning of receivables, provision for risks and expenses, duration of depreciation...) (Ngantchou & Elle, 2018). Thus we share the definition that, results management refers to "the use of managerial discretion to influence the outcome disseminated to stakeholders" (Degeorge & al., 1999). As a result, Scott (1997) identifies four methods: big bath accounting, minimization of results, maximization of results and smoothing of results. In all cases, the techniques generally used by managers focus on the valuation of inventories, the accounting of financial expenses, the reduction of research or advertising expenses and the choice between the declining balance or straight-line depreciation method. In light of all these managerial options, one question catches our attention: what is the nature of the relationship between the discretionary manipulation of accounting information and the creation of managed partnership value?

To answer this question, this paper is structured in four parts. The first part brings together the contributions of the research on the manipulation of accounting information, and the second part presents the contributions related to the creation of managed partnership value. The third part will present our empirical approach, before leading, after analysis of the data, to our main results in the fourth part.

## 1. Discretionary manipulation of accounting information: a state of play

### 1.1. Accounting policy

The concern to always be accountable for one's management very often leads managers to produce controversial accounting results. Everything depends on the objective of the decision-makers, but also and above all on the recipients of this information. For this purpose, one could have an accounting faithful to reality kept by the manager, another adapted to the aspirations of the shareholders, a third approach established with a view to reducing the tax burden and finally, another accounting adapted to the possibility of granting credit by financial institutions or lenders. The amplification of this manipulation of information is highly dependent on the behavior of managers. It is a question, among other things, of masking the visibility of a deteriorated performance or avoiding a contractual clause (Pfeiffer, 1998; El Yaacoubi & Farrat, 2021) on the one hand, and/or ensuring that losses for which the predecessor is responsible are liquidated and the reputation of the manager is preserved (Murphy & Zimmerman, 1993) on the other. Moreover, the management of accounting data or manipulation of accounting figures, is a voluntary and especially regular intervention on the accounting figures, this with the ultimate goal of giving the modeling entity a desired image (Stolowy & Breton, 2003). In other words, the manipulation of accounting figures relies on discretionary areas left by the rules and opportunely exploited by the actors in the figure production chain (Colasse, 1992). Thus, in the context of the agency relationship, the agent who benefits from the asymmetry of information has the possibility of initiating opportunistic actions (Djongoue, 2007), which will generate agency costs and lead to a decline in the value of the firm (Charreaux, 1999). Furthermore, the main motivations linked to the increase in discretionary power are based, in the sense of (Charreaux, 1998), on the implementation of internal rooting strategies and external career strategies. Shleifer & Vishny (1989) characterize entrenchment through the realization of idiosyncratic investments, while Stiglitz & Edlin (1992) propose a different means of action: information manipulation. Creative accounting fits into this logic. The immediate consequence is that manipulative behavior does not systematically lead to inefficiencies in the firm's operations (Hirshleifer, 1993). Generally, the choice of accounting practices is often conditioned by the pressures experienced by the manager; these include fiscal, environmental, competitive and financing pressures, the concern to guarantee the entity's sustainability and to satisfy the multiple needs of shareholders (Ngongang, 2007). By way of illustration, in the African context, overall behavior tends to show that the objective of actors is visibly to keep the level of taxable income below 20% of the real return on investment (Ngantchou & Elle, 2018).

### 1.2. Purpose of manipulating accounting information

The degree of influence of the manager has a considerable impact on the content of the accounting result of a company. Depending on the objectives he has set and the actions he takes, he is able to produce information of more or less dubious quality. Indeed, the disclosure of a financial situation different from the true and fair view, giving the right figure, allows managers to optimize future profits through a reduction in tax, social and financial costs and a maximization of future revenues (Souleymanou & Degos, 2018). Moreover, fraud, which is on the fringe of accounting and tax regulations, is an unorthodox practice and is thus opposed to the manipulation of information, which is defined by Copeland (1968) as "a certain ability to increase or reduce the published net result at will". In general, the manipulation of accounting data, which creates forms of discrimination in access to information, aims to reduce or eliminate the assets of certain stakeholders in the distribution of the wealth created. This allows us to put forward the true foundations of the four facets of accounting information or the so-called "four balance sheets" theory in managerial companies.

**Table 1: Four facets of accounting information**

| **Managerial discretion in the manipulation of accounting information** | |
|---|---|
| **Recipient of accounting information** | **Objective of manipulating information** |
| Manager | ➢ To produce accounting information that reflects reality<br>➢ Tailor management to the situation<br>➢ Seize business opportunities based on the company's assets<br>➢ Anticipate the management of non-financial assets |
| Owner / Shareholder | - Produce information that does not reflect reality<br>- Neutralize control mechanisms<br>- Increase the discretionary power of the manager<br>- Influence the resource allocation process |
| Creditor / Lender | ❖ Produce information that does not reflect reality<br>❖ Varying the result according to the requirements of the funders<br>❖ Increase the time required to repay debts<br>❖ Reassure creditors of the security of their investment |
| Tax authorities | ➔ Produce information that does not reflect reality<br>➔ Minimize the transfer of wealth from the company to the state<br>➔ To reduce the profit or loss<br>➔ use of regulatory accounting methods that reduce the value of the IAR Discretionary |

**Source:** Authors

### 1.3. Accounting data management: a managerial opportunity

This practice can also represent a privileged vector of entrenchment for managers, as pointed out by Stiglitz & Edlin (1992). In their model, managers seek to maximize their income; they take advantage of the exclusive privilege of information to appropriate rents, i.e. a remuneration that is higher than the opportunity cost that they incur. One way of increasing this remuneration is to limit the threat posed by managers who are their potential competitors in the managerial market, either by undertaking investments whose profitability depends on the specific information controlled by the managers or their particular skills, or by investing in activities characterized by greater information asymmetry. Asymmetry increases the uncertainty perceived by competing management teams, which thus have less incentive to replace current managers. From this perspective, managers have an interest in directing their investments towards activities with the lowest visibility, for example, by favouring investments in research and development, even if this policy leads to a destruction of value. The rents generated, as well as their appropriation, then depend on the visibility of the assets managed. By manipulating information, managers seek to increase their discretionary powers. This strategy can take many forms: specific investments for managers, investments that are not very visible (especially in research and development), replacement of former managers by new, more loyal managers when there is a change in management, acquisitions made to increase managerial rents, appointment of ill-informed, incompetent or dependent outside directors to the board of directors. A particularly interesting point in the argument presented by Stiglitz & Edlin concerns the optimal policy for monitoring managers. From the outset, reducing managerial controls may have more disadvantages than advantages. This position is also advocated by Lagmango (2020) when she refers to "opportunistic entrenchment." Conversely, strengthening controls makes the entrenchment strategy more profitable. The informational strategy is primarily based on the choice of activities and investments. However, the manager's action can be much more subtle, as Hirshleifer (1993) shows. The manipulation techniques presented later can also be used as part of an external career strategy.

### 2. Managerial discretion theory

The theory of managerial discretion gives a special place to the values of managers in the study of the influence of the latter on the strategic choices of organizations. This idea is based on the analysis of the strategic decision-making process in a situation of limited rationality as described by Hambrick & Mason (1984). First of all, a manager cannot apprehend in detail every aspect of the organization and its environment. The manager's field of vision and areas of attention are restricted. The immediate consequence is a profound limitation of his perceptions. Secondly, this restriction of the managers' perceptions is reinforced because each one selectively perceives only a part of the phenomena included in the field of vision. Finally, the segments of information chosen for processing are interpreted via a filter interspersed with the cognitive bases and intrinsic values of the leader. In this scheme, the values of the leader directly influence the strategic choices of the organizations.

### 2.1. Holistic dimension of managerial discretion

The contextualization of management practices is a scientific approach whose principle is as follows: "any strategic orientation of a company is based on the phenomena observed in its environment". Thus, each managerial decision taken is an adaptive measure to the constraints of the environment.

However, the existence of considerable freedom induces two types of behavior in the manager. On the one hand, we have the primary or intentionally uncontrolled opportunism of the managerial power holder, which promotes the defense of selfish interests; on the other hand, the will manifested by the manager, with regard to his or her attributes, his or her choices strategically oriented towards achieving the expected results, is in line with the logic of the secondary or intentionally controlled opportunism. This second position establishes a real correlation between the degree of latitude of action of the manager and the performance of the company. An active manager must adapt to the constraints he or she faces as a result of the essentially dynamic nature of the environment. Moreover, the level of influence of the manager is proportional to the extent of his decision-making power. This posture provides sufficient information on the fact that: the relevance of the preventive measures adopted is explained more by the complexity of managerial practices. Above all, leaders need to have a margin of freedom in order to provide all the intrinsic motivation that allows them to make effective decisions (Donaldson & Davis, 1991). This being the case, a positive science is a body of systematized knowledge about what is (Keynes, 1891; Friedman, 1953); it is also a body of scientific knowledge adapted to the context of the environment.

### 2.2. Standardization of managerial discretion

Financial governance theorists (Williamson, 1963; Jensen & Meckling, 1976) believe that the discretionary sphere is a "risk zone", a "black zone" whose amplitude must absolutely be reduced. The manager is perceived as a threat because he or she only seeks to satisfy his or her personal utility function to the detriment of the interests of the other stakeholders. As a result, the managerial automatism that limits the level of initiative of the leader becomes a control mechanism. However, doesn't the normalization of the decision-maker's behavior call into question the very foundations of management science? How can we live in a dynamic environment and think we are adopting static laws? Can one engage the responsibility of a manager who only obeys the orders of the shareholders? Managerial discretion must take into account the concerns of managers in order to create a climate of trust in this agency relationship.

### 2.3. Partnership approach

According to Post & al (2002), the concept of stakeholder was initiated by Mary Parker Follett in her book "The New State" published in 1918, where she used the term "interpenetrating". This was later generalized in the strategic management literature by the term "stackeholder". In fact, the search for solutions to the shortcomings observed in shareholder governance led the positive theory of agency to recognize the plurality of the firm's objectives. These include creating value, ensuring a better distribution of the rent generated for the benefit of all stakeholders, and ensuring the sustainability of the organization. It is in this perspective that Blair (1995) expresses the desire to proceed with a reorganization of property rights in favor of the employees, in the name of the investments in specific knowledge and skills that they make in their company. The partnership theory of governance takes into account the contribution of all the stakeholders of the firm in the process of value creation and distribution. In this approach, the organization is considered as a team of production factors whose synergies are at the origin of value creation. Several actors intervene in the wealth creation process, unlike the previous approach, where the exclusivity of good managerial practices is attributed to shareholders.

Thus, defining the term "stakeholder" becomes a multivariate equation. According to the Stanford Institute (1963), it is "any identifiable group on which the organization depends for its long-term survival. More specifically, Freeman (1984, P.46) considers that "a stakeholder is an individual or group of individuals who may affect or be affected by the achievement of organizational objectives. For Hill & Jones (1992, P.133), they are "participants with a legitimate right to the company". As for Clarkson (1995, P.106), they are "individuals or groups who have, or claim, a share of ownership, rights or interests in the enterprise and its activities", he goes further by distinguishing two categories: primary stakeholders and secondary stakeholders. Charreaux & Desbrières (1998) do not rest for them, "it is an agent whose utility is affected by the decisions of the firm", they will distinguish thereafter, the voluntary stakeholders i.e. those who take a risk by investing, from the involuntary stakeholders who are those who are exposed to the consequences caused by the activities of the company. For Mercier (1999), these are "all of the agents for whom the development and good health of the company are important issues". Finally, Post & al. (2002) characterize them as "the individuals and constituent elements that contribute voluntarily or not to the firm's ability to create and to those activities that are the main beneficiaries and/or bear the risks. Beyond these different definitions, we have deemed it necessary to develop two typologies of stakeholders chosen among many others.

Firstly, the Donaldson & Preston (1995) dimension is based on three levels of analysis, namely

- ♣ The descriptive dimension characterized by the fact that the firm is defined as a constellation of cooperative and competing interests. It consists in describing the nature of the firm, the way the manager manages the structure, taking into account all the stakeholders.
- ♣ The instrumental dimension, which examines the link between management practices and the achievement of the firm's performance objectives.
- ♣ The normative dimension, which aims to prescribe behaviors in accordance with ethical and moral principles.

Secondly, the Mitchell & al. typology (1997) identifies three criteria of relevance, schematically representing three circles with intersecting areas: power (1, 4, 5, 7), legitimacy (2, 4, 6, 7) and urgency (3, 5, 6, 7). These criteria make it possible to classify stakeholders into seven categories: dominant (1), discretionary (2), latent (3), dominant (4), dangerous (5), dependent (6) and definitive (7). The other authors refute the "more or less everybody" considering that the relevance of the stakeholder theory lies in its ability to identify the real stakeholders of the firm. Thus, the eighth category of the typology is the "non-stakeholders".

### 2.3.1. Contextualization of the stakeholder theory

The use of this theory was motivated by a desire to solve the problem posed by the agency relationship, in particular the reduction of financial scandals orchestrated by the leaders of managerial companies. Any entrepreneurial initiative aims to make a return on its investment. However, to achieve this, it is necessary to adapt to the constraints imposed by its environment. When the manager has little discretionary power, his opportunities and his managerial motivation are relatively limited. As a result, he will tend to defend his personal interests to the detriment of those of the company. In the Cameroonian context, there are several reasons for the discriminatory distribution of the value created.

The head of a public company is appointed and not elected by a two-thirds majority of the board of directors as provided for in the constitution. Moreover, in order to be legitimate, their mandate cannot exceed 9 years. Beyond this period, it legitimately loses its discretionary power. Therefore, in order to exist, he must defend the interests of the lobby that allowed him to reach power. These interests are very often out of phase with those of the company. As for private companies, promoters use several options to make money. Either they manipulate accounting data through the practices of their managers in order to pay less tax; or they use relationships through their maximum involvement in the activities of a political party and thus benefit from the favors of tax agents. This frantic pursuit of gain is doomed to failure when primary stakeholders are marginalized. An executive who is dissatisfied with his or her compensation is more likely to produce managerial value.

In light of the above, the following hypotheses have been formulated:

**$H_1$: The degree of managerial discretion would have a significant influence on the creation of managerial value in firms;**

**$H_2$ : There would be a significantly positive relationship between the choice of accounting method and the orientation given to the creation of managed value.**

## 3. Empirical approach

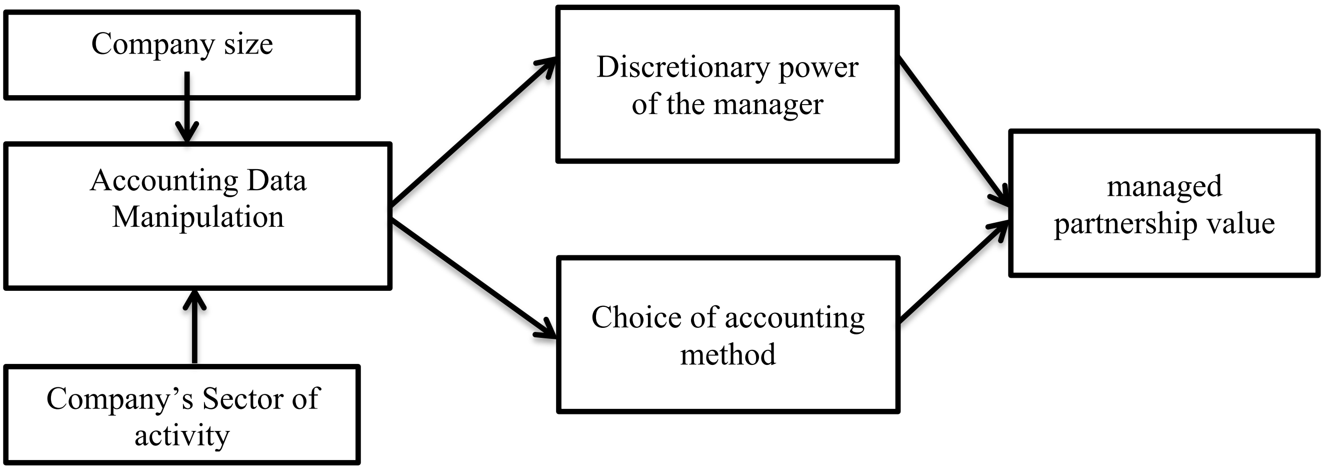
### 3.1. Sample

The quantitative approach developed in this research uses primary data in its empirical aspect. The collection of information, through the administration of a questionnaire, will allow us to estimate the degree of relationship between our model variables. Specifically, our study population consists of managerial firms located in Cameroon. Of the 150 questionnaires administered, 33 were rejected for non-response, 12 for incomplete responses and 9 for complete responses but overloaded documents. Only 96 documents were usable.

### 3.2. Model used

Schematically, the explanatory model for the correlation between our dependent, independent and control variables is as follows.

**Figure 1: Description of the research model**




**Source:** Authors

The econometric model of our work is presented in a general way, in the logic of the following equation:

$$\boldsymbol{Value\ Part_{ij}} = \mathrm{C} + \boldsymbol{\alpha_i Accounting\ data\ manipulation_i} + \boldsymbol{\beta_j Control\ Variables_j} + \boldsymbol{\varepsilon_{ij}}$$

Knowing that α and β are coefficients; **C**, a constant and $\boldsymbol{\varepsilon}$ the error term.

Specifically, the semi-developed form of this equation is as follows:

$$\boldsymbol{Value\ Part_{ij}} = \mathrm{C} + \sum_{i=1}^{n} \boldsymbol{\alpha_i X_i} + \sum_{j=1}^{m} \boldsymbol{\beta_j Y_j} + \boldsymbol{\varepsilon}$$

The main variables of this model with their measurement indicators are defined below.

**Table 2: Definition of model variables**

| **Variables** | | | **Rating** | **Measure** | **Authors** |
|---|---|---|---|---|---|
| | | Discretionary power | PouvDir. | Unilateral dismissal of an employee, Control of the firm's strategic decisions by the majority shareholder, Privilege given to investment projects that are profitable for all | Khanchel (2009)<br>Jensen & Zajac (2004)<br>Hambrick & Finkelstein (1987) |

| | | | | | |
|---|---|---|---|---|---|
| Independent variable | Handling of accounting data | | | stakeholders. | |
| | | Accounting method | MethodCompt. | Production of accounting information that does not reflect reality for tax reasons, Having a free choice of adopting the method of valuation of inventories in the company, Free choice of the method of depreciation of fixed assets depending on the directions given to the change in accounting income, Production of accounting information that does not reflect reality when the company is talking to lenders. | watts & zimmerman (1986) Scott (1997) Ngantchou & Elle (2018) |
| Dependent variable | Value of partnership developed | | Part Value | Value Share Evolution of turnover, Level of debt of the firm, State of profitability of invested capital, Level of the firm's self-financing capacity | |

**Source**: Authors

### 4. Results and discussions

#### 4.1. Results of the PCA

**Table 3: Principal component analysis of the research variables**

**KMO index and Bartlett's test**

| | | Part Value | MethodCompt. | PouvDir. |
|---|---|---|---|---|
| Kaiser-Meyer-Olkin sampling precision measure | | ,748 | ,749 | ,728 |
| Bartlett's test of sphericity | Approximate Chi-square | 93,574 | 72,825 | 154,313 |
| | ddl | 6 | 6 | 3 |
| | Bartlett's significance | ,000 | ,000 | ,000 |

| **Items** | **Part Value** | **Method Compt.** | **Pouv Dir.** | **Extraction** |
|---|---|---|---|---|
| Judgement on the evolution of the company's turnover | ,750 | | | ,562 |
| Company's level of indebtedness | ,725 | | | ,525 |
| Return on capital employed | ,818 | | | ,669 |
| Level of the company's self-financing capacity | ,737 | | | ,543 |
| Production of accounting information that does not reflect reality for tax reasons | | ,731 | | ,535 |
| Free choice to adopt the method of inventory valuation in the company | | ,717 | | ,514 |
| Free choice of the method of depreciation of fixed assets according to the direction I want to give to the change in the accounting result | | ,749 | | ,561 |
| Production of accounting information that does not reflect reality when I speak to lenders | | ,746 | | ,556 |
| Unilateral dismissal of an employee | | | ,912 | ,833 |
| The company's strategic decisions are controlled by the majority shareholder | | | ,870 | ,757 |
| I favor investment projects that are profitable for all stakeholders when negotiating business contracts | | | ,889 | ,791 |
| **Equity values** | **2,299** | **2,166** | **2,380** | |
| **% Variance explained** | **57,483** | **54,144** | **79,333** | |
| **Cumulative % explained variance** | **57,483** | **54,144** | **79,333** | |
| **Cronbach's Alpha** | **,752** | **,715** | **,869** | |

**Source :** Authors

The reading of the above table shows that the different KMO indices for the three components are meritorious since they are higher than 0.7 on the one hand, and on the other hand, Bartlett's test is significant at the level of 0.000 for these three components. Also, we note that the PCA restores information at 57.483% for the value of the share, 54.144% for

MethodCount and 79.333% for PouvDir. These conditions allow us to accept the results of the factorial analysis. Similarly, a high degree of internal consistency between the items is reflected in Cronbach's Alpha values between 0.7 and 0.8 (0.752 for PartValue, 0.715 for CountMethod and 0.869 for PouvDir.). According to De Vellis (2003), these values are good. Finally, not only is the variance explained by a single factor whose value is greater than the mean for each of them, but also the eigenvalues (Kaiser-Guttman rule) are greater than 1 (2.299 for PartValue, 2.166 for CountsMethod and 2.380 for PouvDir.).

### 4.2. Regression Analysis

The results of the regression analysis are reported in the following table:

**Table 4: Regression analysis between study variables**

**Summary of models[b]**

| Model | R | R-two | Adjusted R-two | Standard error of estimate |
|---|---|---|---|---|
| 1 | ,761[a] | ,579 | ,562 | ,66160628 |

a. Predicted values: (constants), Sect_Actv, MethodCount, PouvDir, Taill.

b. Dependent variable: Value Part.

**ANOVA[c]**

| Model | | Sum of squares | Ddl | Mean of squares | F | Sig. |
|---|---|---|---|---|---|---|
| | Regression | 60,228 | 4 | 15,057 | 34,398 | ,000[d] |
| 1 | Residual | 43,772 | 100 | ,438 | | |
| | Total | 104,000 | 104 | | | |

c. Dependent variable: Value Part.

d. Predicted values: (constants), Sect_Actv, MethodCount, PouvDir, Taill.

**Coefficients[e]**

| Model | | Unstandardized coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | A | Standard error | Beta | | |
| | (Constant) | ,501 | ,138 | | 3,638 | ,000 |
| | MethodCompt. | ,302 | ,067 | ,302 | 4,498 | ,000 |
| 1 | PouvDir. | ,294 | ,067 | ,294 | 4,363 | ,000 |
| | Taill. | ,114 | ,042 | ,126 | 2,641 | ,000 |
| | Sect_Actv. | ,124 | ,031 | ,273 | 3,959 | ,000 |

e. Dependent variable: Value Part

**Source** : Authors

The model obtained is significant ($p<0.000$). The relationship between the partnership value and the accounting method (MethodAccounting) on the one hand and the relationship between the partnership value and the discretionary power of the manager on the other hand (MethodAccounting) are positive with the t-test greater than 2 (4.498 and 4.363). As for the relationship between the dependent variable and the control variables (Size and Sector), the t-test is greater than 2 for these two variables (2.641 and 3.959). Similarly, the correlation coefficient (R) between the dependent variable and the independent and control variables is 76.1%. The different variables (independent and control) taken into account explain, through the adjusted $R^2$, 56.2% of the partnership value. In the same way, this table shows the standardized coefficients that allow us to see the contribution of each variable in the explanation of the partnership value. Thus, MethodCompt explains 30.2%, PouvDir 29.4%, Taill. 12.6% and Sect_Actv. 27,3%. Therefore, the model is summarized by the following equation:

**Part value = 0.501+0.302MethodCompt+0.294PouvDir + 0.126Taill+0.273Sect_Actv + ε**

### 4.3. Discussion of the results

#### 4.3.1. Significant influence of managerial discretion on the creation of managed value

The results obtained show that the discretionary power of the manager significantly influences the creation of the managed value. This conclusion is widely shared by several authors. In particular, Jensen & Zajac (2004) for whom "the manager is a strategic partner in companies; his status is all the more important when he holds extensive power". Moreover, Hambrick & Finkelstein (1987) have estimated that governance is linked to the extent of the manager's discretionary power, which is materialized by the importance of the capital held. In fact, considerable managerial latitude would allow the manager to give precedence to his profile over performance.

#### 4.3.2. Significant influence of the choice of accounting method on the creation of managed value

The choice of accounting method influences the creation of the managed value. Our results corroborate with the findings of Watts & Zimmerman (1978), Breton & Schatt (2003) and Ngantchou & Elle (2018) for whom the choice of accounting method in a context of predatory taxation, is that which aims to avoid losses. In other words, it is a matter of selecting the methods that will aim to reduce the value of the result. However, if we place ourselves in the logic of the agency relationship, and if we adopt the idea of the manager's primary opportunism, the manipulation of accounting figures could lead to a destruction of value (Shleifer & Vishny, 1989; Charreaux, 1999).

We also find that the control variables characterizing the firm (industry and size) play a significant role in the creation of managed value. This supports the findings of Fama & French (1995) for whom there is a strong association between size and performance. Ngongang (2013) for his part establishes a correlation with the sector of activity.

The table below summarizes the results in relation to the hypotheses formulated:

**Table 5 : Récapitulatif des résultats**

| **Hypotheses** | **Results** |
|---|---|
| $H_1$*: The degree of managerial discretion would have a significant influence on the creation of managerial value in firms;*<br>$H_2$*: There would be a significantly positive relationship between the choice of accounting method and the orientation given to the creation of managed value.* | Confirmed |

**Source** : Authors

## Conclusion

The objective of this article was to analyze the nature of the relationship that exists between the discretionary manipulation of accounting information and the creation of the partnership value developed in managerial companies. In practice, the accounting engineering developed by the leaders of managerial companies, through the manipulation of accounting information, aroused in us a scientific curiosity about the link that could exist between these two concepts. First of all, if the manager has limited discretion, then he or she is not sufficiently motivated to get involved in considerable organizational activities (Hambrick & Finkelstein, 1987). However, when the discretion of the leader is high, he or she could give a certain direction to the value created according to his or her interests and the constraints of his or her environment. This voluntary discrimination in the distribution of the wealth created is at the origin of the concept of "managed partnership value". Despite the small size of our sample, this research is a kind of compass that could contextually channel the managerial approaches of the main actors in the production of accounting data. In a future perspective, we could broaden our study population on the one hand, and attempt to explain or understand the true foundations of managerial autonomy in the production of good or true accounting figures on the other.

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