



## A Study of the Financial Sustainability of Cameroonian SMEs: The Role of Internal Audit

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**ABSTRACT:** This research article mainly aims to analyse the influence of internal audit on the financial sustainability of SMEs in Cameroon. Specifically, it aims to analyse the nature of the effect of internal control system on the growth of the company's workforce on one hand, and on the other and to analyse the nature of the effect of risk mapping on changes in the company's net profit in Cameroon. Using quantitative analysis, in particular analysis of variance and linear regression, we find that internal audit significantly influences the sustainability of Cameroonian SMEs. It is therefore recommended that SMEs, no matter their size and experience, should put in place tough internal audit functions to assure sustainable performance.

**KEY WORDS:** Financial sustainability, Internal Audit, Sustainable performance, SMEs.

### INTRODUCTION

Over the past decade, international companies have collapsed. In response to the financial scandals of the 2000s, some private sector companies have adopted measures to control and improve the efficiency of their activities. As a result, company managers are required to strengthen control over the internal structure and functioning of their companies in order to make them as secure as possible. In this regard, according to El Hilali and Benlakouiri (2019), companies are now faced with organisational, financial and information reliability issues linked to the globalisation of economies, which is giving rise to new risks. Thus, to ensure that control mechanisms fulfil their roles perfectly, organisations equip themselves with a 'tool' for evaluating and monitoring internal control: internal auditing.

When it comes to sustainability, wealth creation is now a prerequisite for ensuring the long-term viability of a company's activities. It is based on competitive advantage or economic rent (Porter, 1993). For Benthami and Cherkaoui (2018), the importance of liquidity can be a determining factor in financial viability. Jegourel (2008) defines financial viability as an entity's ability to cover its expenses with the proceeds from its activities and to generate sufficient margins to build up reserves that can be used in the event of unforeseen circumstances or difficulties. Indeed, it seems that, beyond the various schools of thought, sustainability symbolises the very purpose of management, including long-term financial and commercial performance, organisational and strategic choices, investment strategies (Mignon, 2009), etc. In 2008, the Cameroonian government launched a reform that reduced the time required to set up a business from several months to 38 days. This initiative had the merit of increasing the number of businesses created between 2010 and 2015 by a factor of 28. However, 72% of these businesses no longer exist. It therefore appears that the main cause of SME failure stems from the company's organisational and financial policy, which compromises the sound management of the business and, consequently, its viability.

There are many reasons for this premature bankruptcy. As noted by Anene (2014), some manufacturing companies have had enormous problems surviving due to poor management of their working capital. This has resulted in increased financing costs and interest rates paid to lenders. Furthermore, during the initial exploratory surveys conducted in a number of small Cameroonian companies, we noticed a series of malfunctions in the internal control system. While it is true that these structures are staffed by generally qualified personnel, this does not prevent job boundaries from being poorly defined or undefined, bridges from being established, and the flow of information from being sometimes imperfect and asymmetrical. Discrepancies were often found between the objectives set and the results achieved. Based on these and many other findings, we decided to focus on the topic entitled: "Study of the financial sustainability of Cameroonian SMEs: the role of internal auditing".



Roe (2005) asserts that the internal audit function has a major impact on financial performance. A study conducted by other authors revealed that the existence of an internal audit function in organisations leads to improved performance and facilitates the reduction of calamities such as financial fraud (Muchiri and Jagongo, 2017). According to Dayan (1999), internal auditing includes all tasks aimed at improving and controlling operations within the company. Sustainability analysis therefore aims to assess the company's performance in a sustainable manner. Having a sustainable business already suggests that the company is generating profits and creating added value through its activities.

As seen above, the issue of the impact of internal auditing on the financial sustainability of companies has already been the subject of some discussion, but the particularity of this work is that it adapts to a relatively complex framework, that of small and medium-sized enterprises, which have little or no interest in internal auditing issues. We will therefore attempt to answer the following key question: **does internal auditing foster the financial sustainability of Cameroonian SMEs?**

This central question gives rise to the following specific questions:

- What is the nature of the effect of the internal control system on the growth of the company's workforce?
- What is the nature of the effect of risk mapping on the evolution of the company's net income?

For some authors, internal auditing has an evaluative role. Its role is to evaluate the internal control system implemented upstream, with the aim of controlling risks by assessing the risk process. According to Melville (2003), in the vast majority of cases, internal audit devotes most of its activities to analyzing existing risks and deficiencies with the aim of providing advice, making recommendations, implementing procedures or proposing new strategies.

Thus, to address our main concern, our main hypothesis is as follows: **Internal auditing has a significant influence on the sustainability of Cameroonian SMEs.**

Adopting a methodological approach and a strategy focused on discovering a certain reality, we will attempt to establish the validity and reliability of empirical results throughout the empirical stage of this research article. To this end, we have opted for a hypothetical-deductive approach, which consists of moving from the general to the specific. In order to achieve this with greater objectivity, we will conduct a documentary review that will enable us to develop the theoretical phase of our work. We will therefore carry out a quantitative study using a questionnaire that we will distribute to the managers of certain Cameroonian SMEs in the city of Douala in order to ascertain the facts. The data obtained will be analyzed using SPSS v.20 software.

This article is built on four parts. In the first part, which is a review of the literature, we first discuss the notions of internal audit and financial sustainability through a conceptual analysis, then we study the theoretical relationship between the two concepts. In the second part, we discuss the approach adopted and the sampling plan. The third part consists of presenting the results, which we then discuss in the fourth part.

## 1. LITTERATURE REVIEW

### 1.1. Notions of internal audit and financial sustainability

#### 1.1.1. Overview of internal audit

Today, SMEs must ensure that they have an internal audit function within their structure, which is a vital function at the heart of management, hence the need to have a clear understanding of it. Washerbrook (1978) defined internal auditing as an audit performed by specialised personnel within the audited organisation, focusing on the routine control of accounting transactions on a daily basis, with the aim of quickly identifying irregularities, thereby making fraud more difficult due to the constant nature of the control. This definition, which is one of the traditional definitions of internal auditing, is not comprehensive enough in that it is limited to accounting transactions and, as such, does not reflect the full scope of internal auditing. However, modern internal auditing now goes beyond the examination of transactions and is designed to adapt to the expanding role and responsibilities of the profession.

The IIA defines internal auditing as an 'independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation achieve its objectives by providing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.' According to Tuovila (2021), the purpose of internal auditing is to monitor a company's internal practices, including its governance and accounting processes. It ensures compliance with laws and regulations and contributes to the accuracy and timeliness of financial reporting and data collection. Internal auditing also provides management with the tools necessary to achieve operational efficiency by identifying

problems and correcting imperfections. This definition is broad enough to cover not only the accounting and reporting of an organisation's operational performance, but also its governance.

Several theories are generally invoked in the context of internal auditing.

In a famous article setting out the foundations of agency theory, Mickael Jensen and William Meckling (1976) sought to demonstrate the efficiency of organisational forms. They viewed the company as a network of contracts between the various stakeholders in the organisation. They pointed out that the owners and managers of an organisation may have differing opinions about what is in the best interests of the organisation. The objective of agency theory is to determine the optimal contract between the principal and the agent. This theory is based on the agency relationship. Perhaps the best-known form of agency relationship is that between an employer and an employee. The principal wants to maximise profits while minimising the agent's reward. The agent, for his part, also wants to maximise his benefits.

Consequently, potential conflicts of interest lead to significant asymmetry between shareholders (principals) and managers (agents). In other words, at least one of the partners has privileged information that prevents the other from accurately observing their behaviour, which leads to malfunctions (Wirtz P., 2019) and thus generates costs. This is precisely where internal auditing comes in as the main mechanism for managing conflicts and reducing agency costs, through the control and monitoring of the behaviour of the agent, who is more inclined to pass on agency costs to the principal and not to comply with all policies and procedures.

Based on the work of Coase (1937) and Williamson (1975), transaction cost theorists, for whom the existence of the firm is due to the lack of market fluidity, put forward the idea that 'unlike the market, the firm appears to be the mode of organisation that allows for savings in transaction costs'. This is because recourse to the market entails operating costs for the operator, which Ronald Coase refers to as transaction costs. As a result, 'what distinguishes companies from markets is their ability to internalise certain transactions and carry them out at a lower cost than if they had to take place on the markets' (Ebondo and Pigé, 2002, p. 52). For these reasons, the managers of large companies first, and then SMEs/SMIs, have been led to internalise most of their statutory audit work by creating internal audit departments.

Internal auditing has emerged as an institutional framework that contributes to cost reduction and performance optimisation (Ebondo Wa Mandzila and Zeghal, 2009). As Williamson (1975) argues, internal auditing provides managers with important information about cost savings. Not only is it important to provide financial and accounting information, but internal auditing also provides operational information to control bodies. Transaction cost theory provides a conceptual framework for internal auditing by providing crucial data to executive managers within the organisation (Sprakman, 1997).

### 1.1.2. Overview of financial sustainability

Sustainability, is summarised by Djoutsa Wamba and Hikkerova (2014, p. 112) as: 'a cross-cutting theme that allows us to refine our thinking about the long-term success, performance and profitability of businesses'. It is therefore a combination of several factors that enable us to judge the long-term viability of a business.

Indeed, it seems that beyond this plurality of dimensions according to IRAM, financial sustainability is the ability of a system to ensure its operational autonomy by having the necessary resources at its disposal. For Mignon 2000, sustainability symbolises the very purpose of managing an organisation. It is in this vein that Morin et al. (1994, p. 38) argue that 'the only objective pursued by an organisation is its sustainability, and there are certain characteristics that are supposed to distinguish effective or high-performing organisations from those that are less so', hence the need to highlight certain elements that allow an organisation to be considered sustainable. The sustainability indicator is a specific measure of system performance, which is monitored over time via the survival system. Sustainability indicators must reflect the objectives related to the sustainability of an SME.

We therefore consider sustainable performance indicators to be indicators of sustainability. Studying sustainable performance involves analysing performance measurement indicators over a number of years. Assuming that sustainable companies are those that have survived their first five years of existence, Tchagang E. (2007) argues that net profit and revenue growth are the most important objective criteria for measuring a company's success. Frank et al. (1991) reach the same conclusions but add workforce growth to the list. Furthermore, Marniesse S. (2000) shows that the size and age of the firm, as well as its production characteristics (single or multiple locations), explain the growth of surviving companies and the mortality rate of others. Hence the need to study some theories related to sustainable performance.

Resource theory was developed by Barney (1991) within a management framework used to determine the strategic resources likely to provide a company with a comparative advantage. He focuses his attention on an organisation's internal resources as a means of



organising and obtaining a competitive advantage. Furthermore, he argues that for resources to retain their potential as sources of sustainable competitive advantage, they must meet four criteria that constitute empirical indicators of a resource's heterogeneity and immobility. In particular, the resource must be value-creating, it must be rare in itself or in the way it is exploited, and when it is not available to competitors, it must be difficult to imitate. Finally, the last criterion is that this resource must not be easily substitutable, which refers to the notion of specific assets. Resource-based theory therefore shows that organisations must develop unique and specific core competencies that will enable them to outperform their competitors by doing things differently through skills that can contribute to building a lasting competitive advantage. Long-term capacity management can optimize the exploitation and development of resources, thereby ensuring the organization's sustainability.

As an 'organisational theory', stakeholder theory contributes to the foundation of a relational model of organisation. According to Mercier (1999), stakeholders are 'all agents for whom the development and good health of the company are important issues'. Freeman (1984) defines them as 'any group or individual that can affect or be affected by the achievement of the company's objectives'. Ethical considerations are at the root of developments in stakeholder theory, considerations that have been used to develop its normative aspect. For Donaldson & Preston (1995), stakeholders are defined by their legitimate interest in the organisation. Stakeholders therefore possess the resources necessary for the organisation to operate properly and sustainably, and whose sound management is expected to improve its long-term performance.

## **1.2. Theoretical influence of internal audit on corporate financial sustainability**

### **1.2.1. Contribution of the internal control system to the growth in the number of employees.**

Current organisational trends are forcing most companies to implement effective internal control systems that will enable them to achieve their objectives and ensure sustainable growth.

#### **- The control environment as the foundation for sustainable workforce growth**

The COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework defines internal control as a process implemented by a company's management and staff to provide reasonable assurance that the company's objectives will be achieved. An effective internal control system can therefore be a significant competitive advantage for the company in which it operates. Several companies have therefore understood that it is not enough to have an internal control system in place; it must also be effective in order to fulfil its role in a sustainable manner.

As a result, the internal control environment is the very foundation on which the entire internal control system is developed and implemented, providing discipline and structure (Tariara, 2010). On the one hand, this involves bringing together the internal capabilities and resources that will create the conditions conducive to a fair assessment of risks. On the other hand, it refers to the urgent need for ethics, strategy and organisation that apply the virtues expected of the system itself (Renard, 2010).

#### **- Employee involvement and participation as factors in continuous performance improvement**

For Dunkelberg and Cooper (1982), employment growth is a good indicator of sustainable business performance. As a result, certain studies, particularly those related to participatory budgeting, have addressed the concept of involvement and participation as factors in the success of any business that combines human resources at all levels (Abanda & Peyou, 2022); (Sambou et al., 2003).

First, participation allows subordinates to receive information and explanations about their line manager's expectations, how resources are allocated, and the very purpose of the objectives. This greater understanding reduces the uncertainty and ambiguity that individuals may face and allows them to better focus their efforts on the objective to be achieved (Chong & Tak-Wing, 2003); (Maiga, 2005) & (Chong & Johnson, 2007). Secondly, participation also allows individuals to influence objectives. Thus, Maiga (2005) considers that participation involves not only a dimension of communication, but also a dimension of influencing objectives and therefore effectiveness. Through participation, individuals can influence the objectives they will be asked to achieve, making them more realistic and giving them a greater sense of control over these objectives and, consequently, a greater sense of satisfaction at having been involved and taken into consideration. Participating in and contributing to the setting of objectives is rewarding for individuals regardless of their level of action, in accordance with the self-assessment model (IFACI, 2005). Individuals are thus more likely to accept, internalise and take ownership of objectives, thereby contributing significantly to the viability of the company. In light of the above, we have formulated the first hypothesis as follows:

*H1: The internal control system has a significant impact on the growth of the workforce in Cameroonian SMEs.*



## 1.2.2. Contribution of risk mapping to changes in net income

According to Standard & Poor's (2008), managerial vision must incorporate the most significant risks for the company, estimate their probability of occurrence and their potential effects.

### - Risk management and overall performance

Risk management is considered to improve business performance because it informs decision-making in situations of uncertainty (Farrell and Gallagher, 2015; Florio and Leoni, 2017). As St-Pierre (2016) shows, collaboration with external stakeholders, particularly customers, can significantly reduce this uncertainty. Such collaboration is most common with customers, as they are the main source of revenue, followed closely by suppliers, who must meet the needs of businesses to ensure timely delivery and the required quality.

By identifying potential risks that could affect the company, it can take steps to reduce or eliminate them, which can reduce losses and unexpected costs. This can contribute to growth in the company's revenue and net income, increase investor and customer confidence by demonstrating its ability to manage proactively. Sales growth is considered the most relevant measure of growth due to its simplicity, the fact that it can be used by all types of businesses, and its relative insensitivity to capital intensity and the degree of business integration (Delmar et al 2003).

### - Maximisation of corporate value

A risk hedging policy may be implemented with the intention of increasing the value of the company. In this case, hedging is considered a system that protects the company's interests and enables it to save on taxes, reduce bankruptcy costs, resolve the problem of underinvestment and increase the company's liquidity. By minimising volatility and stabilising turnover, financial risk management reduces the effective tax rate and lightens the company's tax burden. In this sense, this practice makes it possible, on average, to increase net profit after tax and thus create value for the company.

Similarly, volatility can have a negative effect on investment because, on the one hand, it forces the company to reduce the amount of money spent on new projects (i.e. not to seize certain profitable investment opportunities) and, on the other hand, to seek new resources externally in periods of low profitability. However, due to imperfections in the financial market (transaction costs, information asymmetry, increased risk of bankruptcy, etc.), external financing is more expensive than internal financing. According to Mian (1996), external financing costs include direct costs such as bond issuance fees and indirect costs such as debt agency costs. Risk management is therefore a means of protecting SMEs and reducing their vulnerability (Reboud and Séville, 2016), improving not only the interests of financial partners, but also those of other stakeholders in the company (including customers and employees), thereby justifying the importance of adopting risk management practices to ensure sustainable performance for the company.

From the above, we can formulate the second hypothesis:

## **H2: Risk mapping has a considerable impact on the net income of Cameroonian SMEs**

After reviewing the elements that helped us understand the concepts of internal audit and financial sustainability, we have shown through the literature the theoretical relationship between the two. It appears that an SME that aspires to grow and become financially sustainable over time must have an internal audit function that will enable it to control its operations through the mechanisms used. We will now present the methodological approach used.

## 2. METHODOLOGICAL APPROACH AND SAMPLING TECHNIQUE

### 2.1. Methodological approach

The purpose of the quantitative approach is to present the quantifiable degree of a phenomenon in a specific space in relation to one or more others that may exist. Quantitative methods aim to measure a phenomenon and generalise the results to the entire population studied. To do this, a large number of respondents are surveyed, but the amount of information collected from each respondent is relative. Here, the questionnaire is the means of data collection. This approach is therefore described as hypothetical-deductive. The quantitative approach starts from hypotheses derived from theory, proceeds to observations and generalisations to construct theories, and aims to quantify and represent the results obtained.

Thus, internal auditing and financial sustainability are not new concepts in management science. Given that they have already been the subject of several studies in numerous contexts, the possibility of adopting a qualitative approach (used in the study of phenomena that do not lend themselves well to quantitative assessment) is ruled out from the outset. The number of people interviewed is generally small, but they discuss the subject at length during their interviews. It involves the researcher in the decision-

making process) is ruled out from the outset. On the other hand, studies on the existence of a link between these two concepts yield different results depending on the context in terms of time and space. Furthermore, the choice of the quantitative method is mainly due to the fact that it allows relationships between variables to be established and appears to be the most effective way of testing certain research hypotheses. This is particularly the case when analysing the causal link that may exist between two or more variables.

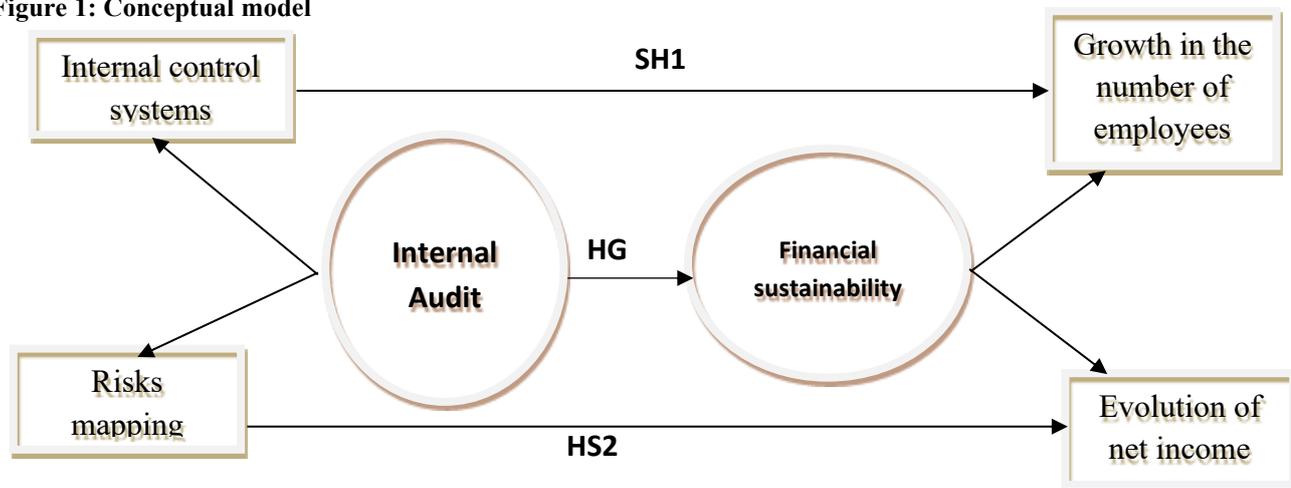
**2.2. Sampling technique**

The research question, objectives, hypotheses and scope of the survey form the basis for developing the criteria that the sample components must meet. However, there are two main groups of methods: random (probabilistic) methods and non-random (empirical) methods.

Probabilistic methods involve selecting a sample from a population based on the principle of randomisation (random selection) or chance. They are more complex, more expensive and more time-consuming. Non-probabilistic methods, on the other hand, are based on a guided choice of individuals and vary in complexity (Giannelloni and Vernet, 2001). Unlike the other type of sampling, where each unit has a chance of being selected, here we assume that the distribution of characteristics within the population is equal. In our research, we are only interested in small and medium-sized companies with an internal audit department. Given the difficulty we had in finding them (as they are not easy to come by), we opted for non-probability or quota sampling, specifically the reasoned choice method, because in order to assess the impact of internal auditing on sustainability, we needed to ‘reach’ SMEs with an audit department.

To summarise the relationship between internal audit and financial sustainability, we have developed the following conceptual research model:

**Figure 1: Conceptual model**



Source : Revue de la littérature

This model shows that internal auditing has an influence on sustainability, and for this to be the case, the two hypotheses below must be confirmed:

- The internal control system influences the growth of the SME workforce
- Risk mapping influences the evolution of the SME's net income

As the scope of our study is SMEs, we will use an empirical study to see if there is a link between the two concepts in order to confirm or refute our hypotheses.

**3. RESEARCH RESULTS**

This section mainly aims to verify the accuracy of our research hypothesis, which states that internal auditing significantly influences the sustainability of Cameroonian SMEs. To do this, we have divided this hypothesis into two sub-hypotheses.



**3.1. Impact of the internal control system on payroll growth**

We have put forward an initial hypothesis which states that: thanks to internal control mechanisms, internal auditing contributes to the growth of the workforce in SMEs. To verify this, we carried out a simple linear regression analysis, the results of which are shown in the tables below:

**Table 1: ANOVA<sup>a</sup>**

Model		Su of squares	Df	Mean square	F	Sig.
1	Regression	14,529	1	14,529	24,383	,000 <sup>b</sup>
	Student's t	18,471	31	,596		
	Total	33,000	32			
a. Dependent variable: Growth in the number of employees						
b. Independent variable: Internal control system						

Source: SPSS v.20

The table above shows that the regression test we have chosen is statistically significant at the predefined risk threshold of 5%. In other words, the regression test is valid for the rest of our analysis.

**Table 2: Coefficients<sup>a</sup>**

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Standard error	Beta		
1	(Constant)	5,840E-17	,134		,000	1,000
	Internal control system	,664	,134	,664	4,938	,000
a. Dependent variable: Growth in the number of employees						

Source : SPSS 20

The information provided in the table above shows that the standardised beta is 0.664 for the relationship between internal control systems and SME payroll growth. From this perspective, the regression equation we arrive at is as follows: **Y=0.664X+5.846E-017+0.77192**.

With the equation  $Y=ax + b + e$ ; where Y= payroll growth, X= internal control system, a= beta, b= constant; e= estimation error. Furthermore, the asymptotic significance threshold of 0.000 proves that our test is statistically significant at the asymptotic threshold of 0.05. Consequently, the internal control system appears to impact the growth of the SME workforce. This finding is consistent with the R-squared and adjusted R-squared values contained in the table below:

**Table 3: Summary model**

Mode l	R	R-square	Adjust ed R-square	Standard error estimate	Modifier les Statistiques				
					Variation of R-deux	Variatio n of F	Df1	Df2	Sig. Variation de F
1	,664 <sup>a</sup>	,440	,422	,77192	,440	24,383	1	31	,000
a. Prédictors: (Constants), Internal control systems									

Source: SPSS v.20

The table above shows a positive correlation coefficient (r= 0.664) coupled with a relatively high regression coefficient. In other words, we retain our hypothesis by specifying that **internal control systems have a significant impact on workforce growth**. What about our second hypothesis?



**3.2. Impact of risk mapping on changes in net profit**

The objective here is to verify our second specific hypothesis, which states that, thanks to risk mapping, internal auditing has an impact on the evolution of net profit in small and medium-sized enterprises. The results of the simple linear regression test are given in the table below:

**Table 4: ANOVA<sup>a</sup>**

Model		Su of squares	Df	Mean square	F	Sig.
1	Regression	15,157	1	15,157	21,623	,000 <sup>b</sup>
	Student's t	30,843	44	,701		
	Total	46,000	45			
a. Dependent variables: Evolution of net income						
b. Predicted values: (Constants), Risks mapping						

Source: SPSS v.20

The table above shows that the regression test we have chosen is statistically significant at the predefined risk threshold of 5%. In other words, the regression test is valid for the rest of our analysis.

**Table 5: Coefficients<sup>a</sup>**

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Standard error	Beta		
1	(Constant)	7,236E-017	,123		,000	1,000
	Risks mapping	,574	,123	,574	4,650	,000
a. Variable dépendante : Evolution of net income						

Source : SPSS v.20

The information provided in the table above shows that the standardised beta is 0.574 for the relationship between risk mapping and changes in SMEs' net income. From this perspective, the regression equation we arrive at is as follows: **Y=0.574X+7.236E-017+0.83724**.

With the equation  $Y = ax + b + e$ ; where Y= change in net income, X= risk mapping, a= beta, b= constant; e= estimation error. Furthermore, the asymptotic significance threshold of 0.000 proves that our test is statistically significant at the asymptotic threshold of 0.05. Consequently, risk mapping appears to influence the change in net income for SMEs. This finding is consistent with the R-squared and adjusted R-squared values contained in the table below:

**Table 6: Summary model**

Model	R	R-square	Adjusted R-square	Standard error estimate	Modifier les Statistiques				
					Variation of R-deux	Variation of F	Df1	Df2	Sig. Variation de F
1	,574 <sup>a</sup>	,330	,314	,83724	,330	21,623	1	44	,000
a. Prédictors: (Constants), Risks mapping									

Source : SPSS v.20

The table above shows a positive correlation coefficient ( $r = 0.574$ ) coupled with a similarly high and significant regression coefficient. In other words, we retain our hypothesis that risk mapping has a considerable influence on the evolution of net income. In light of these findings, it is important for the small and medium-sized enterprises surveyed to take the internal audit function and the accompanying measures very seriously. For example, we advocate that auditing should be considered an independent function,



separate from others, in order to ensure compliance with the code of ethics. Furthermore, given that our two specific hypotheses have been corroborated, we emphasise that internal auditing has a significant influence on sustainability.

#### 4. DISCUSSION OF RESULTS AND MANAGERIAL IMPLICATIONS

The main objective of this research is to study the direct relationship between internal auditing and the sustainability of SMEs through a review of the literature. In the following, we will discuss some managerial implications.

It should be noted that most SME managers do not perceive the scope and value of internal auditing. As a result, they are largely unaware of the contribution and opportunities that such a function can bring them, and often have a misguided and stereotypical perception of internal auditing. One of the misconceptions about the internal audit function is that it mainly deals with financial and accounting information without concern for operational and technical areas. This is a false view, as internal auditors are interested in all risks, and operations are not necessarily related to accounting. Furthermore, some people continue to believe that 'internal audit is the company's police force, and that the internal auditor is nothing more than an inspector or even a fraud hunter', failing to recognise its role in improving the company's performance and achieving its objectives. The internal auditor must therefore support and be involved in improving processes without participating in operations.

Therefore, Cameroonian business leaders should establish a system of financial incentives for staff, placing particular emphasis on profit sharing, the awarding of a 13th month's salary and various other bonuses. This will have a direct impact on the financial profitability of the company and, in turn, on its longevity. It should also be noted that managers would be well advised to organise capacity-building seminars to familiarise their staff with changes in the legal, tax and accounting environment. This is essential in order to survive in a constantly changing environment that could compromise the longevity of the company if it fails to adapt.

Finally, managers have an interest in prioritising compliance with accounting principles in order to produce relevant financial information. This must necessarily translate into the implementation of strong internal controls, and the information produced must take into account the internal control procedures put in place. The state also has a role to play in the production of this relevant information, as managers manipulate it much more in order to escape predatory tax authorities. The state must therefore raise managers' awareness of the merits of paying taxes and the in.

#### 5. CONCLUSION

In light of the failures and shortcomings observed in small and medium-sized enterprises, we thought it would be wise to establish a link between the eradication of opportunistic behaviour within organisations and survival. In other words, the aim is to link internal auditing to sustainability through the theme entitled: internal auditing and the sustainability of small and medium-sized enterprises in Cameroon. The main question that arises is: what is the nature of the influence of internal auditing on the sustainability of small and medium-sized enterprises in the city of Douala? This question raised two further questions for us: does the internal control system contribute to increasing the workforce of small and medium-sized enterprises? Does risk mapping contribute to increasing the net income of small and medium-sized enterprises?

In search of answers to these questions, we set ourselves the main objective of highlighting the nature of the influence of internal auditing on the sustainability of small and medium-sized enterprises in the city of Douala. To do this, we used secondary and primary data. With regard to secondary data, we reviewed a body of literature that enabled us to clarify the concepts and bring them together on a purely theoretical level. This literature enabled us to formulate the following research hypotheses: thanks to the internal control system, internal auditing contributes to the growth of the workforce of small and medium-sized enterprises on the one hand; and thanks to risk mapping, internal auditing has an impact on the evolution of the net income of small and medium-sized enterprises on the other hand. Verifying these hypotheses required us to approach SMEs with an internal audit department.

The quantitative nature of our variables relating to internal auditing and sustainability, as well as the number of SMEs in the city of Douala, led us to conduct a quantitative study. This undoubtedly led us to use non-probabilistic sampling based on reasoned choice. The data collected was analysed using SPSS version 20 software. After a series of dimensionality reduction analyses, we performed simple linear regressions. Furthermore, sustainability is a relatively weak and little-monitored concept. The result is that our various hypotheses have been corroborated. In other words, thanks to the internal control system, internal auditing contributes to the growth of the workforce of small and medium-sized enterprises on the one hand; and thanks to risk mapping, internal auditing has an impact



on the evolution of the net income of small and medium-sized enterprises on the other. Based on this logic, we conclude **that internal auditing has a significant influence on the sustainability of Cameroonian SMEs.**

It is therefore important for our small and medium-sized enterprises to establish and ensure the effectiveness of internal auditing within their structure in order to guarantee continued sustainability.

When gathering information from these SMEs, we found that managers were very reluctant to talk to us, which may suggest that most of them are dissatisfied with their working conditions, which could impact the survival of these SMEs. A study on their level of satisfaction should be carried out. It is also essential to conduct a categorical study of different companies according to size and sector of activity. These are the areas of focus for our future research.

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