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Ownership Structure in Cameroon's Private Limited Companies and the Quality of their Financial Reporting: the mediating role of the audit quality

Structure de propriété dans les sociétés à responsabilité limitée et qualité de l'information financière : le rôle médiateur de la qualité de l'audit

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Abstract

Financial reporting is an important factor affecting investor decisions since it contributes rapidly and efficiently to the pricing and valuation performance and functions of stock markets. The most important source of information about companies in developing countries is their financial statements. Investors demand to rely on companies' financial statement information when making their decisions. Through identifying these characteristics, investors will be able to make the best choice and will have access to information that will boost the financial statements' credibility The purpose of this research is to investigate the relationship between the ownership structure in Cameroon Private Limited Companies (Ltds) and their financial statements. To evaluate the strength of this link, the audit quality has been introduced as mediating factor. A sample of 205 staff working either at the managing director's office or at the financial department from 86 Cameroon Ltds were questioned by means of electronic questionnaires. Our results indicate that the audit quality partially mediates the relationship between ownership structure and quality of financial reporting.

Keywords: audit; quality; financial; reporting; ownership.

Résumé

L'information financière est un facteur important affectant les décisions des investisseurs car elle contribue rapidement et efficacement à la performance et aux fonctions des marchés boursiers en matière de prix et de valorisation. La source d'information la plus importante sur les entreprises des pays en développement sont leurs états financiers. Les investisseurs exigent de s'appuyer sur les informations fournies par les états financiers des entreprises pour prendre leurs décisions. Grâce à l'identification de ces caractéristiques, les investisseurs seront en mesure de faire le meilleur choix et auront accès à des informations qui renforceront la crédibilité des états financiers. Le but de cette recherche est d'étudier la relation entre la structure de propriété des sociétés à responsabilité limitée (SARL) camerounaises et leurs états financiers. Pour évaluer la force de ce lien, la qualité de l'audit a été introduite comme facteur médiateur. Un échantillon de 205 agents travaillant soit au cabinet du directeur général, soit à la direction financière de 86 SARL camerounaises a été interrogé au moyen de questionnaires électroniques. Nos résultats indiquent que la qualité de l'audit médié en partie la relation entre la structure de propriété et la qualité de l'information financière**.**

Mots-clés : audit ; qualité ; financière ; information ; propriété.

Introduction

The main duty of an external auditor is to certify that the financial reporting of an entity at a point in time is both relevant and reliable. For the past twenty years, debates concerning corporate governance are focused on auditors' mission (Wilson and al 2018). Mismanagement in Cameroon's companies is due to the fact that managers do not produce reliable financial reporting and this practice has become very common among managers nowadays (Feudjo and Ndangwa, 2020). The inefficiency, complicity, or reluctance of governing bodies such as the board of directors and external auditors allows space for managers to dissolve certain financial information, and as result certain relevant information is dissolved by the managing directors.

The financial statement produced by a corporate company helps stakeholders to ease their decisions. This means that less reliable information can lead to misallocation of financial resources, thus can disrupt the stock market.

All the financial scandals[1] that occurred during the past two decades in companies were with the complicity of auditors. This led legislators in business law to update certain laws governing the mission of auditors in corporate companies and the duties of the managing director.

The main information needed by shareholders or any other stakeholder related to the company is the financial reporting regularly published. The financial statement must be relevant and reliable, and the person in charge of assuring this is the external auditor. Quality financial statements (relevant and reliable) lead to good allocation of financial resources and the reverse is true. To implement this, shareholders who are the owners of the company must put in place efficient governing mechanisms (board of directors and auditors).

The problem with Cameroon Ltds is the structure of the shareholders' membership. Almost all the shareholders in these firms are related by friendship or family ties. This leads us to question ourselves on the transparency of their financial reporting: ***do Ltds in Cameroon produce quality financial reporting?*** To answer this question, we are going to mediate the link between ownership structure and the quality of financial reporting with the audit quality. The originality of this paper is at two levels. First of all, the involvement of certain Cameroon audit firms in recent financial scandals during the last decades lead us to use other indicators of audit quality rather than the usual which are competency and independency, and secondly our work is based

[1]ENRON, PARMALAT, in the western world, SODECOTON, CAMAIR-CO in Cameroon

on the quality of financial reporting from private firms only, with the introduction of a mediator variable that is the audit quality.

The rest of the study is organized as follows: The next section gives an organizing and conceptual background and sets out the hypotheses. The data and research methodology (quantitative method is used in this study) are outlined before proceeding to the Linear structural relation (LISREL) test. The final section summarizes the findings, including the managerial implications, limitations of the study, and recommendations for future research.

1 Theoretical Framework and Hypotheses

The theoretical framework will be illustrated first of all and then the literature review will follow.

1.1 Theoretical Framework

One of the theories explaining the relationship between the ownership structure, the characteristics of the board of directors, and the timeliness of financial reporting is the agency theory. The agency relationship is the subject of an agreement based on a contract that gives the shareholder's representative the authority to perform certain services on his own behalf and make certain decisions (Jensen & Meckling, 1976). A agency can sometimes make decisions in line with his own interests, disregarding the interests of the company (Agrawal & Knoeber, 1996). If the representative does not act in accordance with the interests of the client, an authority problem arises (Brennan, 1995). Delays in the timeliness of financial reporting can lead to investors losing confidence in the report, and the problem of authority increases (Ilaboya & Iyafekhe Christian, 2014). On the other hand, managers are also information providers for the business. Managers may tend to give little or no information to business owners for their own benefit. Such action may prevent a financial statement from accurately and reasonably reflecting the company's activities and may not provide useful information to its users (Agrawal & Knoeber, 1996). In order to minimize these behaviors, the shareholders should align their interests with those of the manager. Ownership structure has a significant impact on resolving the proxy issue. In addition to institutional investors, foreign investors with resources and financial expertise in the company are motivated to supervise managers to reduce the agency problem (Bamahros et al., 2016; L. Jiang & Kim, 2004). For this reason, companies with high corporate and foreign ownership are expected to minimize agency problems. According to the stakeholder theory, which is considered an extension of the proxy approach, managers should design and implement processes in a way that satisfies not only the shareholders but also all stakeholders of the company (Freeman, 2010).

Another theory that concerns the subject of our study is asymmetric information theory. This theory was first mentioned in the work of Akerlof (1970) and later developed by Spence (1973), and the study of Rothschild and Stiglitz (1976) is complementary to these two studies. Asymmetric information occurs when one party has less information than the other or has incorrect information. This situation causes those with little knowledge to make wrong decisions and those with information to make decisions against the other party (Akerlof, 1970). Managers may not have enough information about the business, or they may knowingly mislead investors despite having enough information. Asymmetric information theory is used to explain signals to the market by investors about securities of publicly traded companies or to improve the disclosure of accurate information. The current study will contribute to the reduction of information asymmetry about the causes of financial reporting delays and will help investors, managers, and policymakers make sound decisions. Considering all these theories, it is important for companies to publish their financial reports on time.

1.2 Literature Review

The external auditor is appointed either by the shareholders or the board of directors. His duty is to give assurance to shareholders that the information appearing in the financial statement is relevant (Djila 2016 and Ondoua-Biwole 2019). Djongoue, (2007) studied the criteria to choose an external, the behavior of auditors during an audit mission was studied by Djoutsa and Foka, (2014). Mballa, (2016); Fotso, (2015); Gandja, (2013); Djongoue, (2013) studied the quality of financial reporting produced by Cameroonian companies. Other authors such as Mballa and Feudjo, (2016); Kueda and Ngassa, (2019) used the qualitative approach to evaluate the quality of financial reporting produced by Cameroon companies. The type of relationship between the auditor and the CEO was studied by Kueda and al., (2021) meanwhile Slimene, (2016) studied the influence of regulatory laws on the audit quality. For this author, the duty of an auditor to report all the abnormalities found in the accounts is not only a professional issue but a rule. For Muneer and Hafizia (2020) financial reporting quality has a central role in evaluating a firm’s performance and eliminating information asymmetry and for Manoel and al., (2022), evidence is mixed regarding the economic benefits achieved by companies hiring large firms to audit their financial statement. The probability of presenting non-compliant financial statements is high when the duration of collaboration between the external auditor and the audited company exceeds 3 years and when the external auditors receive non-audit fees (Hilmi & Fatine 2022). Furthermore, the risk of fraud linked to financial statements decreases in the presence of an external auditor who has experience on the same client's file. Secondly, the likelihood of detecting financial statement fraud decreases when there is a quality internal audit function within the company. Thirdly, there is a synergistic effect of external audit and internal audit on reducing the risk of fraud linked to financial statements (Foka Tagne et al., 2023). The quality of financial information plays a partial mediation with a mediating effect and indicators such as the reputation of the firm audit, the organizational characteristics of the audit firm characteristics specific to the audit team improve the quality of the information (Souleymanou et Vanetissa, 2024). The importance of the competence, integrity, objectivity and respect for professional secrecy of internal auditors is a guarantee to the effectiveness of external audit (En-Nejjari and al., 2024) and the effect of accounting information system on the quality of financial reports by using data storage and retrieval have a positive and significant influence on the comparability of financial information (Bakenge, 2023).

From the above literature, we can notice that, none of these authors and especially in the Cameroon context studied the nature of the relationship between these three variables that is ownership structure in private limited companies, audit quality, and financial reporting.

Zouitina and Lachheb (2023), indicate that there is no significant relationship between the share held by the main shareholder and performance, thus extending the discussion beyond expectations. This trend persists even when the main shareholder is family in nature, adding an interesting nuance to the existing literature. The analysis of the relationship between the nature of shareholding and performance reveals a significant positive effect of managerial shareholders on accounting performance, highlighting their constructive influence when their holding reaches a critical threshold. On the other hand, institutional shareholders show no significant influence on the two types of accounting profitability.

1.2.1 Employee Ownership and Audit quality

This is a type of ownership whereby shareholders actively participate in the daily running of the business. With this type of ownership, shareholders/managers have to line up at the same level with the company objectives and focus on initiatives that will increase the firm’s value. This reduces control expenses such as the need for an external auditor service (Chow, 1982);

for Kane and Velury (2005) the smaller the number of insiders, the greater the need for an external auditor while for O'Sullivan (2000), Mitra and al. (2007), there is a negative relation between the presence of insiders and the wage of the auditor. An increase in the number of insiders will automatically lead to a decrease in the hiring of controls bodies such as external directors and external auditors. This is due to the fact that the owners of the business are involved in the daily activity of the business. According to the interest convergence hypothesis (Jensen and Meckling, 1976), the insiders' ownership increases interest divergence amongst shareholders and managers are limited, this will forcefully lead to a decrease in the need for auditors' services. According to our analyses, the absence of an external auditor gives advantages to managers/shareholders who have common interests due to the nature of their relationships, to counterfeit the content of their financial statements and fake information will surely be published to other stakeholders connected to the company. That is why we propose the following:

H1: The presence of insiders negatively affects the audit quality.

1.2.2 Block holders and audit quality

Here, shareholders are not involved in the management of the business as the latter. The shareholders appoint directors, and auditors who are in charge of controlling the CEO's activities (Demsetz 1998, Sheifer and Vishny, 1986). Since the shareholders are absent during the running of the business, they are forced to put in place efficient governance mechanism so as to reduce the problem of information asymmetry and agency problems. The presence of a major shareholder (who has more than 20% percent of the shares alone) reduces the need for an external auditor and the reverse is true. This is because the major shareholder can use his voting right power during shareholders meeting sessions to break or bypass certain rules. That is why Mitra and al. (2007) found a negative link between block holders and the auditor's wage. Concerning our own point of view, the fact that these shareholders handle their business to different individuals can lead to misunderstandings between both parties, we suggest that the hiring of an external auditor can bring in light between them. So we propose that:

H2: Block holders positively influence audit quality.

1.2.3 Institutional Ownership and audit quality

These are legal entities made up of generally banks, insurance companies, social insurance companies, and investment groups that are very active and dynamic at the stock market. They are considered as stakeholders to the company because of their powerful financial purchasing power that gives them advantages at the stock market during the purchase of shares or issuing of debentures (Mitra and Paquerrot, 1999). According to Velury and al., (2003); Kane and Velury (2003) there is a positive relationship between institutional ownership and the need for external audit while Makni and al. (2012) found that there is a negative relation between institutional ownership and the need for external audit. Their active participation at the stock market and their dynamism during the control of financial statements through the appointments of external auditors leads to the production of quality financial information.

H3: Institutional ownership positively affects the audit quality.

1.2.4 Audit quality and financial reporting

We will introduce three elements that will enable us to evaluate the audit quality in Cameroon's Ltds, that is: the reputation of the audit firm on the market, the organizational characteristics of the audit firm, and the characteristics of the audit team.

1.2.5 The market indicators of the audit firm and the quality of financial reporting

The point of view of a company concerning an auditor is based on the reputation of the audit firm at the audit market (Mc Nair 1991). The number of disputes at law concerning the audit firm is an indicator of his reputation (Palmrose, 1988). Moizer (1997), affirms that auditors who ask for heavy wages are more credible than those who do not ask. According to this author, the market reputation of an audit firm is analyzed according to the size of the audit firm, the amount of the wage needed by the auditor, and finally the reputation of the audit firm. When market indicators are unfavorable for an audit firm, it means that either the auditor is involved in certain financial scandals with the complicity of the CEO or the audit firm is not competent. From the above analyses, we can suggest that:

H4: Positive market indicators of the audit firm increase the financial reporting quality.

1.2.6 The characteristics of the audit team and the quality of financial reporting

Audit firms normally employ skilled staffs who already have a good mastery of the task (Mintzberg 1982). Wotten (2003) identified four characteristics of audit firms' staff behaviors during audit missions. We have :

- The level of attention paid by the directors and managers during the audit missions,
- The level of professionalism,
- The persistency and skepticism rate of the audit staffs, and
- The the level of experience in the industry.

Certain authors prefer to focus on the remiss of the different collaborators during audit missions (Chow and al., 1988; Mc Daniel, 1990; Malone and Robert, 1996). The level of inaccuracy during the audit mission can lead to errors or disagreement between the two parties and managers can take advantage of this disagreement to dissolve certain financial information and this will have an immediate impact on the quality of financial reporting.

H5: Audit firms with skilled staffs positively influence the quality of financial reporting

1.2.7 The organizational characteristics of the audit firm and the quality of financial reporting

Kaplan, (1995); Malone and Roberts, (1996); Dalton and Kelly, (1997) analyzed audit firms' organizational characteristics and their effect on the quality of the audit process. For these authors, audit firms just as other firms are organized in a hierarchy system with a well-established job description at each level. For that, audit firms invest enough resources to get trained and experienced workers who can easily dismantle any fake financial information. Audit firms that are connected to companies only during the audit missions are very meticulous. This behavior leads to an increase in trust between the two parties and the financial information reported becomes more relevant. We suggest that:

H6: Audit firms with good organizational characteristics have a positive influence on the quality of financial statements.

2 Methodology

Thé main population target is made up of Cameroun Public Limited Companies. To constitute our final sample, we opted for a reasoned choice of convenience sample. Si a sample of 450 staff from 100 Ltds in Cameroon was structured and at the end, we had 205 answers from 86 private firms. Our main targets were staff employed in the department of finance or at the managing director's office. Electronic questionnaires were used to collect data by the use of social media**.** The option of the electronic questionnaire is to gain time and reduce cost.

2.1 Measure of variables

To undergo our study, we used three variables that is the ownership structure, the audit quality, and the quality of financial reporting.

2.1.1 Measures of audit quality

The audit quality was split into three: audit firms' market reputation (**AUD_MR**) found in table 1 below, organizational characteristics of the audit firm (**ORG_XTK**) found in table 2 below, and the staff characteristics of the audit firm (**STAF_XTK**) found in table 3 below. The Likert five points scale was used.

Table 1: Measurement of the Market indicators

Items	**Indicators**	**Authors**
The audit firm reputation	Dispute rate	McNair,1991.Palmrose, 1988
The size of the audit firm	Member of BIG FOUR	Piot, 2004; David et al, 2006
Audit firm wage	Amount of wage	Malone et Robert, 1996 ; (David et al, 2006

Source: from Riadh Manita, Makram Chemangui, 2010

From thé table above, we can notice that, the market indicators of audit firms are measured by three main items. We have the audit firm reputation, the size of the audit firm, Audit firm wage.

The Organizational characteristics of the audit firm is measured by using three items: Quality of the job supervision, Experience in the audit market, Mastery of the industry sector, Appointments at the board of directors. As seen on the table below :

Table 2: Measurement of the Organizational characteristics of the audit firm

Items	Indicators	Autors
Quality of the job supervision	rate of files checkup and control	Prat dit Hauret, 2000; Krishnan et Schauer (2000)
Experience in the audit market	Audit firms which at least 10% of their turnover is generated from audit activities	Aldesier (1995)
Mastery of the industry sector	Rate of mastery of the firms' activities	Hogan et Jeter,1999
Appointments at the board of directors	Number of appointments as director	Abdel-Khalik, 1990

Source : Riadh Manita, Makram Chemangui, 2010.

Attention paid by directors and shareholders, Professionalism, Persistance and finally Skepticism are varibales used to measure the Characteristics of the audit team.

Table 3: Measurement of the Characteristics of the audit team

Items	Indicators	Authors
Attention paid by directors and shareholders	The level of supervision during audit mission by directors and shareholders	Schroeder, 1986
Professionalism	Level of professionalism	Riadh Manita, Makram Chemangui, 2010.
Persistance	Persistance capability	Riadh Manita, Makram Chemangui, 2010.
Skepticism	Skepticism rate	Riadh Manita, Makram Chemangui, 2010.

Source : Riadh Manita, Makram Chemangui, 2010.

2.1.2 Measures of the quality of financial reporting

This variable was split into two that is relevant (**REL_INFO**) and reliable (**RELI_INF**) as seen in the table below. The Likert measure on five points was used as scale.

Table 4: Measurement of the quality of financial reporting

Items	Indicators	Autors
Relevant information	Relevant and Objective	(Swanson, 1974 ; Gallagher, 1974 ; Zmud, 1978 ; Larcker et al., 1980
Reliable information	Level of reliability	Gallagher, 1974 ; Zmud, 1978

Source : Djongoue, 2015

2.1.3 Measures of the ownership structures

This variable is split into three, that is the Insiders (**INS**), block holders (**BLK**), and institutional investors (**INT**). The insiders' ownership is measured by the amount of capital belonging to shareholders-managers/directors. We borrowed it from the studies of Sharma, (2005) et Piot, (2005). Meanwhile the block holders are considered as those shareholders who owned at least 20% of the capital according to Faccio et Lang, (2002) and institutional investors are considered as moral person investors who are usually banks, insurance companies and social insurance, according to Randi (2004).

So our econometric equations will be written as follow:

Model 1: $QUA\_FIN_i = \alpha + \alpha_1 INS_i + \alpha_2 BLK_i + \alpha_3 INT_i + \alpha_4 AUD\_MR_i + \alpha_5 STAF\_XTK_i + \alpha_6 ORG\_XTK_i + \mathscr{E}_i$ **(direct link)**

Model 2: $AUD\_QUA_i = \alpha + \alpha_1 INS_i + \alpha_2 BLK_i + \alpha_3 INT_i + \mathscr{E}_i$ **(indirect link) and**

Model 3: $QUA\_FIN_i = \alpha + \alpha_1 AUD\_MR_i + \alpha_2 STAF\_XTK_i + \alpha_3 ORG\_XTK_i + \mathscr{E}_i$ **(indirect link)**

Where: QUA_FIN: Quality of Financial Reporting; **AUD_QUA**: Audit quality; **INS:** Insiders; **BLK:** block holders; **INT**: institutional investors; **AUD_MR**: audit firms' market reputation; **ORG_XTK**: organizational characteristics of the audit firm; **STAF_XTK:** the staff characteristics of the audit firm and $\mathscr{E}$**:** error of approximation.

2.2 Analysis and Results

To analyze our data, we used the structural equation models. With this algorithm, analyses are done at two levels. First of all, we have the explorative factor analyses and secondly the confirmatory factor analyses.

2.2.1 Explorative and Confirmatory Analyses

During the exploratory phase, we applied the Principal Component Analysis (PCA) and the Cronbach reliability test. The outcomes of our analyses gave the following results in the table below:

Table 5 :Reliability Statistics

Cronbach's Alpha	Items
,933	INS
,957	BLK
,932	INT
,941	AUD_MR
905	STAF_XTK
917	ORG_XTK
,815	QUA_FIN

Source : ours analyses

As seen in the table above, all the values are more than 0.7 which is the least average value for this type of test. This leads us to apply the confirmatory test.

For the confirmatory test, we have to verify the convergent and the discriminant validity before applying the final test. For the convergent validity we used the AVE (average variance extracted) and for the discriminant validity, we use the Fornell-Larcker matrix. The tables below illustrate them :

Table 6 : Convergent Validity and correlations

	AVE	1	2	3	4	5	6	7
(1) INS	0,828	1						
(2) BLK	0,921	,552**	1					
(3) INT	0,827	,547**	,608**	1				
(4) AUD_MR	0,845	,622**	,554**	,603**	1			
(5) STAF_XTK	0,766	,608**	,524**	,700**	,624**	1		
(6) ORG_XTK	0,802	,543**	,547**	,650**	,620**	,690**	1	
(7) QUA_FIN	0,603	,055	,133	,118	,073	,136	,226**	1

*** p<0,05*

Source : ours analyses

The AVE is commonly used to validate the structure of the model. As a rule of thumb and for adequate convergent, an AVE value of at least 0.5 is highly recommended. That been said, an AVE value less than 0.5 means your items explain more errors than the variance in your model structure. But it can be noticed that in the above table, all the values are greater than 0.5 and the correlation values of certain unrelated variables are low. So we can conclude that our model structure is suitable for the next stage.

The discriminant validity assessment has the goal to ensure that the reflective structure model has the strongest relationships with its own indicators. It shows that models structure in the study have their own individual identity and are not highly correlated with other constructs in the study. According to Fornell Larcker, the square root of each construct AVE is higher than its correlation with another construct and each item loads the highest value on its associated construct. The Fornell Larcker matrix is illustrated in the table below:

Table 7 : Forner-Larcker Matrix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) INS	**0,910**						
(2) BLK	0,595	**0,960**					
(3) INS	0,563	0,644	**0,909**				
(4) AUD_MR	0,634	0,574	0,634	**0,919**			
(5) STAF_XTK	0,625	0,559	0,738	0,681	**0,875**		
(6) ORG_XTK	0,606	0,566	0,691	0,651	0,762	**0,896**	
(7) QUA_FIN	0,044	0,124	0,118	0,073	0,164	0,244	**0,776**

Source : ours analyses

As seen on the table above, all factor loadings and latent correlations between the sub-dimensions provides the necessary information to validate our construct. The correlation values of unrelated variables are low.

An adjustment index is a metric scale to reflect better measurement or changes to real-world conditions. Concerning our work, we used the following indices to evaluate our models:

Table 8 : quality adjustment indicators

Index	Indicators	Average values
Absolute Indices	**CMIN**(*likelihood-ratio chi-square*)	Any positive value (compare to *p* associate)
	GFI: *Goodness of Fit Index*	>0,9
	AGFI: *Adjusted Goodness of Fit Index*	
	RMR : *Root mean residual*	Small value, <0,08 or more better < 0,05
	RMSEA: *Root-mean-square error of approximation*	
Incremental Indices	**CFI** : *Comparative Fit Index*	>0,9
	NFI : *Normal Fit Index*	
	IFI : *Incremental fit Index*	
Parsimony Index	Normalized Chi-square (Chi-square/DF)	Values ranging from 1, 2-3, if possible 5

Source: Najar and Najjar, (2013)

Table 9: **Index adjustment**

Model 1										
Index	**χ2**	**GFI**	**AGFI**	**RMR**	**RMSEA**	**NFI**	**IFI**	**CFI**	**χ2/DF**	**P**
Value	515,793	,039	,821	,754	,101	,888	,922	,921	3,070	,000
Model 2										
Index	**χ2**	**GFI**	**AGFI**	**RMR**	**RMSEA**	**NFI**	**IFI**	**CFI**	**χ2/DF**	**P**
Value	506,129	,721	,799	,046	,124	,883	,909	,908	4,115	,000
Model 3										
Index	**χ2**	**GFI**	**AGFI**	**RMR**	**RMSEA**	**NFI**	**IFI**	**CFI**	**χ2/DF**	**P**
Value	557,735	,741	,808	,045	,105	,879	,913	,912	3,262	,000

Source : ours analyses

As seen on the table above, certain absolute indices values are below the average for the three models and certain incremental values too. But for the remaining indicators the values are above the average. So, we can conclude that the quality of adjustment for three models is perfect.

2.2.2 Results and Discussions

Following the steps for the mediation analyses and interpretation proposed by Iacobacci et al. (2007), we had the following outcomes:

Table 10 : Final results

			Model 1	Model 2	Model 3
QUA_FIN	<-	INS	*-,112*** *(-2,277)*		
QUA_FIN	<-	BLK	*,372**** *(5,384)*		
QUA_FIN	<-	INT	*,651**** *(8,675)*		
QUA_FIN	<-	AUD_MR	*,219**** *(4,258)*		
QUA_FIN	<-	STAF_XTK	*,915**** *(18,667)*		
QUA_FIN	<-	ORG_XTK	*,451*** *(1,972)*		
AUD_MR	<--	INS		*,270**** *(5,121)*	
STAF_XTK	<--	INS		*,230**** *(4,633)*	
ORG_XTK	<--	INS		*,208**** *(4,274)*	
AUD_MR	<--	BLK		*,101** *(1,682)*	
STAF_XTK	<--	BLK		*,003* *(0,047)*	
ORG_XTK	<--	BLK		*,055* *(0,981)*	
AUD_MR	<--	INT		*,408**** *(6,672)*	
STAF_XTK	<--	INT		*,490**** *(7,659)*	
ORG_XTK	<--	INT		*,316**** *(4,877)*	
QUA_FIN	<--	AUD_MR			*-,082* *(-0,836)*
QUA_FIN	<--	STAF_XTK			*,088* *(0,715)*
QUA_FIN	<--	ORG_XTK			*,328*** *(2,917)*
QUA_FIN	<--	INS			-,109 (-1.359)
QUA_FIN	<--	BLK			,061 (0.920)
QUA_FIN	<--	INT			-,080 (-0.675)

** p<0,1 ; ** p<0,05 ; *** p<0,01*

Source : ours analyses

In summary, the direct link **($QUA\_FIN_i = \alpha + \alpha_1 INS_i + \alpha_2 BLK_i + \alpha_3 INT_i + \alpha_4 AUD\_MR_i + \alpha_5 STAF\_XTK_i + \alpha_6 ORG\_XTK_i + \mathscr{E}_i$)** is significant, the indirect links **($AUD\_QUA_i = \alpha + \alpha_1 INS_i + \alpha_2 BLK_i + \alpha_3 INT_i + \mathscr{E}_i$)** is significant and **$QUA\_FIN_i = \alpha + \alpha_1 AUD\_MR_i + \alpha_2 STAF\_XTK_i + \alpha_3 ORG\_XTK_i + \mathscr{E}_i$** is not significant. Since the direct link is significant and the indirect link is not significant, we conclude that, the audit quality partially mediates with the absence of the mediator effect the relation between ownership structure and quality of financial reporting.

Table 11 : Hypothesis Results

	Results
H1	**Confirmed**
H2	**Confirmed**
H3	**Confirmed**
H4	**Rejceted**
H5	**Rejceted**
H6	**Confirmed**

Source : ours results

Corporate ownership and foreign ownership are independent variables used in the analysis. This result shows that there is a significantly positive relationship between corporate and foreign ownership structures and the quality of financial reporting.

This result can be interpreted as companies that finance most of their assets with debt and multinational companies that have subsidiaries in various countries later on disclosing their financial reports. Since a high leverage ratio, which expresses the ratio of total debt to total assets, is considered bad news, it is expected that companies with high leverage ratios will publish their financial reports later. This result is found in Carslaw and Kaplan (1991), Al-Ajmi (2008), Mert and Cömert (2014), Aksoy et al. (2021), which supports their work. Coordination problems of subsidiaries in different countries of multinational companies and the possibility of slow information flow due to subsidiaries can be seen as the reason for companies to announce their financial reports late.

Conclusion

The object of this study was to test the mediating role of the audit quality in the relation linking the ownership structure and the quality of financial reporting of Cameroon Ltds. To undergo our study, we applied the LISREL method and data was collected by means of the electronic questionnaire. The analyses were done at two levels. First of all, we applied the explorative factor analyses and later on the confirmatory factor analyses. Results obtained led us to conclude that there is a partial mediation with the absence of the mediating factor of the audit quality.

Managerial Implications

This study offers several implications for managers, regulators, and policymakers. Companies that do not present quality financial statements in a timely manner may have difficulty finding investors, as investors see timely reporting as an ideal component of corporate governance. The results will help investors, managers, and policymakers make healthier decisions by reducing information asymmetry about the causes of reporting delays. In addition, the results are valuable as they provide the opportunity to compare the results of companies that shorten their financial reporting timeliness with those of other companies. In addition, the results are valuable as they will contribute to a more functional capital market.

Limitations and Future Research

This study is subject to some limitations. First, the fact that our sample consists of only Ltds limits the generalizability of the results. In future studies, using the same variables, research that covers only Plcs can be done. Secondly, in our study, we discussed the ownership structure of corporate ownership and foreign ownership. The third limitation of the study is that the financial statement data for the years 2023 and 2022 are not included in the study, so the results are not inconsistent. Future studies may cover these omitted periods.

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