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Effect of responsibility accounting on financial and social performances of branch expansion of microfinance institutions in the CamCCUL network, Cameroon

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Abstract

Purpose: Microfinance Institutions (MFIs) branch expansion plays a critical role in enabling these institutions to achieve double bottom line objectives. However, this expansion strategy has introduced some management challenges pointing out solutions to responsibility accounting (RA). This study seeks to investigate the effect of RA on financial and social performances of MFIs in the CamCCUL network, Cameroon.

Methodology: The study adopted the quantitative research method using questionnaires to collect data from a sample of 86 MFIs selected through convenience, purposive and simple random techniques. Robust OLS regression was employed to analyse data.

Results and conclusion: Results indicate that for financial performance, assigning responsibilities and delegating authority (ARDA), allocating costs and revenues for controllability (ACRC) and establishing performance measurement targets (EPMT) were statistically insignificant while performance evaluation (PE) and performance incentive systems (PIS) were statistically significant. On social performance, ACRC, EPMT and PIS were statistically insignificant whereas, ARDA and PE were statistically significant. The study concludes that MFIs should pay rigorous attention to RA principles and integrate them into their strategic plans to ensure that accountability and transparency drive overall institutional performance. The study recommends that MFIs should conduct periodic performance appraisals and use results for costs allocation, decision-making and promotion; incentive system should be tied to measurable performance results to motivate staff towards congruency.

Implication of findings: The study has implications for policy makers to regulate and enforce RA implementation for business sustainability across all sectors; and enable MFIs to enhance accountability and expansion complexity management as well as narrows the existing literature gap on RA in Cameroon.

Keywords: Responsibility accounting, Decentralization, Accountability system, Microfinance sector performance, Microfinance branch expansion, CamCCUL network.

1. Introduction

The microfinance sector in Cameroon has experienced rapid growth, driven by the expansion of financial services such as credit delivery, deposit mobilizations, insurance, money transfer and mobile money services offered to the poor and underserved populations (Nargis et al., 2018), These institutions adopted commercialization throughout the late 1990s to become regulated by national and/or regional supervisors (Lieberman, 2018). Lieberman asserted that, microfinance institutions becoming transformed to a commercial status have to be structured as shareholder-owned institutions, seek to operate profitably and offer acceptable return on investment to their investors, raise their funds in commercial markets in a variety of ways, operate as regulated nonbank financial institutions or commercial banks and increasingly expand their product offerings with such products as savings, money transfers, insurance, housing improvement loans and small business loans.

As these institutions seek to achieve their double bottom line objectives of increasing outreach towards the poor and striving to operating profitably at the same time, they have adopted branch expansion

strategy by opening branches in diverse geographical areas especially in rural areas as one of the important ways of scaling up to deliver their rich financial services particularly micro savings and loans to the poor households and small businesses. The national economic and financial committee (NEFC) statistics for 2021 show that there are 621 licensed category one MFIs branches in Cameroon with 360 branches in rural areas and 261 in urban areas. From these statistics, it is evidenced that the creation of MFIs branch outlets in new geographical areas will likely continue because many poorer and marginalized populations who are excluded from the mainstream banks are still yet to be served locally. The branch expansion strategy in MFIs extends the geographical coverage and increases the number of clients and/or members served, but it also requires more human and financial resources (Gaamaa). However, this expansion has introduced some management challenges, including late decision-making and poor communication flows. The MFIs board management lacks significant trust in delegating decision-making authority to branch managers, preventing them from making timely decisions. Furthermore, allocating costs and revenues to clearly defined activities on which branch managers would be held accountable is either ambiguous or entirely absent. Relatedly, branch managers neither participate in the budgeting process nor do they engage in systematic performance reporting. As a result, performance evaluation and reward systems lack relevance and purpose.

These drawbacks ultimately lead to limited staff initiative, low motivation and poor customer service, weak accountability and overall poor institutional performance. In this regard therefore, (Kishore & Ghosh, 2016) posit that companies fail to meet profitability goals because the performance of managers is not evaluated. Similarly, (Festus et al., 2020) argue that when the performance of managers of responsibility centres is not evaluated, it becomes difficult to determine whether profitability expectations have been achieved.

Expanding branches in dispersed geographical locations leads to logistical challenges, branch supervision and IT network constraints, top management needs to operate an organisational structure that allows a flexible workflow processes capable of responding to changing business needs that go along with well-defined responsibilities and delegation of authority at least to the branch managers - to allow top management to focus on strategic functions (Khanoba, 2023). To address these challenges, decentralization and RA have emerged as potential solutions. This study therefore seeks to answer the questions "does decentralization of branch management and application of RA features foster MFIs' double bottom line objectives?"

Empirically, studies have been applied in global organizations with several departments or branches in developed countries like Vietnam to assess the application of RA, for instance, in public universities in Vietnam (Nguyen, 2020), in textile and garment firms in Vietnam (Tuan, 2017), in automobile manufacturing enterprises (Chu & Pham, 2022) and in banks in Jordan (Hanini, 2013). There is yet no empirical evidence in the microfinance sector. Similarly, other studies have investigated the impact of RA on management performance, (Dang, 2024); (Nguyen, 2021) but very few have focused on financial and social performances. Some studies exist in Africa predominantly in Nigeria; (Festus et al., 2020); (Oladapo, 2020) and no source for Cameroon. These are the gaps this study seeks to reduce.

This study contributes to the body of literature by investigating the effect of assigning responsibilities and delegating authority to branch managers, allocating costs and revenues to branch managers, establishing performance measurement targets, performance evaluation and performance incentive systems on financial and social performance of MFIs in the CamCCUL network, Cameroon. Using quantitative approach, this study analyses the effect of responsibility accounting features on MFIs

performance, providing actionable insights for policymakers and MFIs practitioners. Focusing on CamCCUL network, Cameroon, the study addresses a critical need for context-specific studies that can inform strategies to enhance MFIs financial and social performances in similar institutions and regions.

2. Literature review

Decentralization is an organisational design in which top management delegates decision-making authority and duties to middle-level managers and lower-level employees, enabling them to respond quickly to local market needs (Dempsey & Swire, 2006). (Pirumov, 2021) highlight that the middle level managers should be experts in their respective departments (branches) and capable of making sound judgments and setting goals in the department while top management retains the ultimate responsibility for decision outcomes. Sharing responsibilities strengthen operations management in MFIs, facilitates in-depth understanding of various parts of a process and determines how the process can be efficient considering internal and external factors such as staff and management needs, information systems, institutional policies, clients and competition (Bijedic & Thadhani, 2006). Undermining these principles and factors could affect the performance of these institutions. Therefore, MFIs board management needs to set the institution up to grow by adopting structures that promote smooth growth (Lasker, 2022).

Responsibility accounting (RA) is an effective and efficient management control tool that enables businesses to develop sustainably and thus an important tool in making branch expansion in MFIs to work effectively by providing information to top management about the performance of each branch (Chu & Pham, 2022). It is a modern and efficient tool to be embraced by MFIs in order to promote and enhance their financial and social performances, hence, sustainability.

Tuan (2017) posits that responsibility accounting could be considered under either the structural organisation approach of Management decentralization or the content approach. In the structural organisation approach, (Tuan, 2017; Lasker, 2022) argued that responsibility accounting creates a structure that ties an employee to the performance of every business function called responsibility centre. These centres are created and every revenue and expense on the organization's income statement are assigned accordingly to the responsibility centres' managers. The goal is for each manager to be evaluated solely against the results he has control and is answerable for his performance. They emphasized four basic responsibility centres; cost centre for costs performance, revenue centre for revenues performance, profit centre for both revenues and operating costs performance and investment centre for assets, revenues and operating costs performance.

The contents approach of RA focuses on elements or features of RA application and does not emphasize the structural organisation into responsibility centres. It was found appropriate for implementation in structures like MFIs that cannot easily have clear divisions into costs, revenue, profit and investment centres. This approach was first studied on four elements by Don & Marynne (2005) and were developed into seven of 43 scales by (Gharayba et al., 2011). (Hanini, 2013; Tuan, 2017) have also reiterated on the seven elements. Our paper focuses on the contents approach and uses five elements operationalized as assigning responsibilities and delegating authority, allocating costs and revenues for controllability, establishing performance measurement targets, performance evaluation and performance incentive systems. The interrelationships between these variables on financial and social performances are discussed below, and hypotheses are developed based on these relationships within the context of prior studies (Atawodi-Alhassan et al., 2025).

Hanini (2013) sought to identify the extent of implementation of RA in various banks in Jordan with focus on seven features. A questionnaire was distributed to a sample of 50 assistant general managers, branch managers and employees of 13 commercial banks and 3 Islamic banks in Jordan. Results showed that Jordanian banks are fully committed in implementing the seven RA features studied though the employees of the banks were not satisfied with the system of incentives offered.

Al-Shomaly (2013) studied performance evaluation and RA. The aim was to disclose the methods used to evaluate performance in the medical care sector in Jordan and the extent of their relationship with RA principles. Data was collected using a questionnaire on a sample of NGOs and private sector medical institutions. The study concludes that the institutions partially adopt RA system principles; they have organisational structures, responsibility centres but delegation of authority is weak with top management exerting significant influence on decision-making and performance evaluation processes while systematic preparation of budgets is absent.

Tuan (2017) identified the evolution of RA contents from four initial elements of (Don & Maryanne, 2005) to seven elements of (Gharayba et al., 2011) and the development of these seven elements into 43 scales by (Hanini, 2013). Quantitative data was collected from 64 questionnaires in textile and garment manufacturing firms. The results reveal that, assigning responsibilities and delegating power and incentive systems have a medium level of application while distributing costs and revenues, budget estimates and performance evaluation are applied at a high level in the Vietnamese firms. Similarly, Nguyen (2021) found that costs and revenues allocation have the strongest impact on the organisational efficiency of pharmaceutical companies. The study recommended that senior executives in companies should perform authorization for managers of responsibility centres with explicit power to make decisions and be responsible for the results and performance of their units.

Vijayakumar and Devi (2019) sought to investigate if manufacturing and construction companies distribute costs and revenues to responsibility centres, evaluate performance and have incentive systems. A questionnaire was conducted for 600 managers or assistant managers in Bengaluru. The results reveal that a significant difference exists between the two groups of companies for all three elements suggesting the existence of context or enterprise specifics.

Nguyen et al. (2019) and Nguyen (2020) explored factors affecting RA using survey questionnaires on the selected sample to collect data and the regression method to analysis the data. The results reveal that factors such as managerial decentralization, cost and revenue allocation, budget estimation, performance evaluation and reward systems actually affect RA implementation and performance.

Saifi, 2024) examined the effect of applying RA on control and performance evaluation processes in Palestinian public institutions. The results indicate that planning budgets and incentive system have no significant effect on both control and performance evaluation processes. These results suggest that managers or workers in various departments were not involved in the preparation of planning budgets. As such, a clear evaluation of performance cannot be done resulting in weak accountability, low incentive and above all poor performance.

Assigning responsibilities and delegating authority on financial and social performances

The theory of decentralization provides that, assigning responsibilities and delegating authority enhances responsiveness, innovation and operational efficiency (Gul & Chia, 1994). This is critical as the organisation benefit from faster problem-solving and improved service delivery when lower-level

managers are involved in operational decision-making in their respective areas of work. Assigning responsibilities and delegating authority further enables business expansion to survive given that business expansion hinges on proper delegation of authority. This is consistent with RA theory which states that managers should be accountable for the outcome of the activities they actually control and if duties are not clearly outlined, it becomes difficult to evaluate managers and link their performance to reward (Anthony & Govindarajan, 2007). Similarly, agency problems can surface when top management manifest some reluctance to delegate power for lack of trust. The result of (Tuan, 2017) indicates that the division of authority in Vietnamese textile and garment firms has a medium level of application while the results of (Nguyen, 2020; (Dien et al., 2020); (Hung, 2022) were statistically significant at the 5% level. This suggests that assigning responsibilities and delegating authority to lower-level managers in enterprises is inconclusive and might depend on the business environment or sector of activity. Based on this analysis, we state the first hypothesis of this study in the null form as follows:

H1: Assigning responsibilities and delegating authority has no significate effect on the financial and social performances of branch expansion of MFIs in the CamCCUL network, Cameroon.

Allocating costs and revenues for controllability on financial and social performances

This means all operating expenses and revenues related to each branch's activities are clearly defined, and the manager is empowered to manage and report on the execution of branch activities. The responsibility accounting theory states that each manager should be held accountable solely for the costs and revenues on activities over which he has absolute authority and control (Anthony & Govindarajan, 2007). Control is also achieved by giving each manager rights for planning incomes or costs, then compile and provide information regarding the realization, (Trisnaningsih & Fitria, 2024). Increasing control over costs and revenues at the various segments of an MFI will improve overall performance. The research of (Nguyen et al., 2019; Nguyen, 2020) revealed that costs and income allocation are a factor that positively influence RA implementation and affects organisational performance. Based on this analysis, we formulate the second hypothesis for this study on the null form as follows:

H2: Allocating costs and revenues for controllability has no significant effect on the financial and social performances of branch expansion of MFIs in the CamCCUL network, Cameroon.

Establishing performance measurement targets or budgets on financial and social performances

Organisational control theory of (Ouchi, 1976) explains mechanisms including performance measurement targets (budgets) organisations pursue to align managers' behaviour with institutional goals and RA theory encourages that managers should participate in budgeting for them to be accountable for financial outcomes. Establishing targets is basic for each department or branch manager to develop a budget estimate based on the goals and objectives of the department or branch. The Manager of each department or branch is responsible for budgeting as it is the basis for top management to allocate resources and for subordinates to carry out their tasks to achieve set goals (Huyen, 2021); (Le & Hoang, 2023) and (Dang, 2024). It is also the basis for controlling, measuring and evaluating the department or branch performance (Huyen, 2021); (Dang, 2024). Top management must ensure that the estimation methods are appropriate, modern and satisfy the aspirations of managers (Dang, 2024). Budgeted performance is basic to RA, and most department or branch managers are responsive to a budget only if they participated in the adoption process. They will more actively pursue the goals and accept the resulting performance measures as equitable. RA encourages the comparison between actual achievements with budgeted targets and compels the setting of realistic goals for each divisional unit, as its achievement by the employees becomes easy. This RA contents metric as informed in prior literature

has a positive effect on the level of RA application and organisation performance. Typically, we have the works of (Tuan, 2017); (Nguyen et al., 2019) and (Nguyen, 2020). On the contrary, (Al-Shomaly, 2013) observed the absence of systematic preparation of budgets for each responsibility centre. On the basis of this analysis, we postulate the third hypothesis of this study in the null form as follows:

H3: Establishing Performance Measurement Targets has no significant effect on the financial and social performances of branch expansion of MFIs in the CamCCUL network, Cameroon.

Performance evaluation of managers and/or departments on financial and social performances

Performance evaluation is a formal determination of an individual's job-related actions and the outcomes within a particular position or setting. Organizations routinely evaluate the performance of managers and subunits to facilitate numerous economic judgments and decisions such as allocating resources within the organization, to decide on corrective actions, to set future performance goals, to develop or refine strategies, and to identify training and development needs (Oladapo, 2020). Moreover, accurate performance evaluation is of critical importance in organizations and both financial and non-financial data from the firm's managerial accounting system serve as a key input in forming these evaluations (Oladapo, 2020). The evaluation of a manager should not include factors over which he exercises no control, instead, managers should be evaluated based on revenues and costs incurred and the evaluation is generally based on comparison of costs incurred with costs budgeted. Performance evaluating of organisational units is the main benefit and merit of responsibility accounting and agency theories. When a manager is evaluated for whatever, he does, he becomes extra vigilant. The findings of (Al-Shomaly, 2013) suggest that performance evaluation was weak in medical care institutions in North Jordan with top management exerting significant influence in the process of performance management in centres while (Tuan, 2017; Nguyen et al., 2019; Nguyen, 2020) results disclose that performance evaluation strongly influence RA and organisational performance. Based on these analyses, we formulate the fourth hypothesis in the null form as follows:

H4: Performance evaluation of managers and/or branch has no significant effect on the financial and social performances of branch expansion of MFIs in the CamCCUL network, Cameroon.

Performance incentive system on financial and social performances

This performance-related pay is aimed at motivating employees to work harder, and rewards those who make a greater contribution to the organization's goals. It leads to efficiency savings, and the organisation should be able to choose the type of performance-related reward that will be consistent with achieving its own goals. Rewarding promptly, accurately and publicly in all transparency motivates workers to greater performance and leads the organisation to achieve its targeted objectives (Nguyen, 2020). Agency costs are incurred by aligning incentive systems, and organisational control theory controls formal mechanisms for reward.

Empirically, it has been revealed that performance incentive system is positively related to organisational performance and RA implementation as in (Nguyen, 2020); (Nguyen et al., 2019); (Tran et al., 2022) while (Vijayakumar & Devi, 2019) said there is no employee friendly incentives system in manufacturing and construction companies in Bengaluru. Based on the arguments above, the last hypothesis for this study is formulated in the null form as follows:

H5: Performance Incentive System has no significant effect on the financial and social performances of branch expansion of MFIs in the CamCCUL network, Cameroon.

Social performance

The social performance of MFIs seeks to explain how financial services change the lives of the beneficiaries who are the poor by ways of outreach. Outreach is the extension of microfinance services mainly credit provision, savings mobilization, and payment services to the underserved or neglected people by mainstream banks. Outreach is measured in terms of breadth and depth, (Nguenbu & Nzongang, 2021). It is a hybrid measure that assesses the extent to which an MFI has succeeded in reaching its target clients (Breadth of outreach), and the degree to which an MFI has met the clients' demand for financial services (Depth of outreach) (Hermes & Hudon, 2019).

Financial performance

Financial performance is a general measure of a firm's overall financial health over a given period of time and can be used to compare similar firms across the same industry or to compare sectors in aggregation (Kang'aru, 2016). In prior literature, (Hermes & Hudon, 2019) pointed that financial performance in MFIs is mostly measured by using return on equity (ROE), return on assets (ROA), operational self-sufficiency (OSS) and financial self-sufficiency (FSS). In this study, financial performance of MFIs is captured by operational self-sufficiency (OSS) and return on assets (ROA).

Operational self-sufficiency (OSS): It measures the degree to which internally generated operational revenue covers all operating expenses from the MFI's core business of providing financial services without grants support by excluding non-operating revenues and donations and financial expenses and provision for loan losses together with other operating expenses (Dueck, 2008). A ratio of 100% is the MFI's break-even point and indicates that the MFI's income is equal to operating expenses. This ratio should show a gradual increasing trend and not fluctuate too greatly. The ratio of Operating Self-Sufficiency (OSS) is calculated thus:

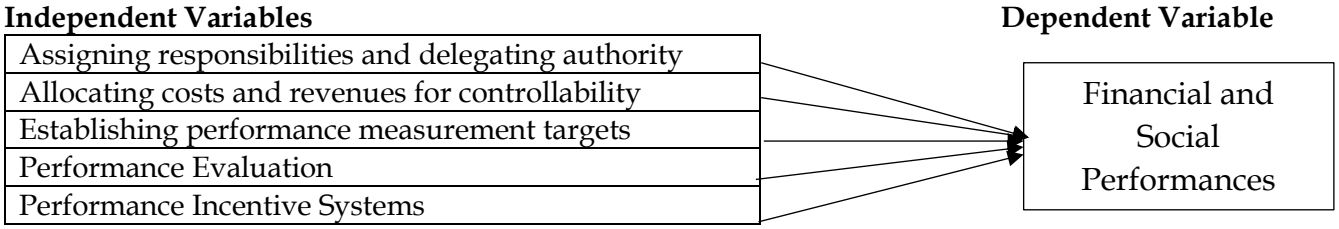
$$\text{OSS} = \frac{Financial\ Revenues}{Financial\ Expenses + Operating\ Expenses + Provision\ for\ loan\ losses}$$

Return on assets (ROA): This is a measurement of the net income return on each franc of total assets. It is an overall measurement of profitability to reflect both the profit margin and the efficiency of the institution. It is an indication of how well an MFI is managing its asset base to maximize its profits (Dueck, 2008). The ratio does not evaluate the source of the asset base, whether through debt or equity, but simply the return of the portfolio and other revenue generated from investments and operations. It is calculated as follows:

$$\text{ROA} = \frac{Net\ Income}{Average\ Total\ Assets}$$

This ratio may also be calculated on an adjusted basis to address the effects of subsidies, inflation, loan loss provisioning, and other items that are not normally included in an MFI's net operating income. A higher ratio is more favourable to investors because it shows that the institution is more effectively managing its assets to produce greater amounts of net income. A positive ROA ratio usually indicates an upward profit trend as well. ROA is most useful for comparing companies in the same industry as different industries use assets differently.

Conceptual Framework



Source: Authors Construction, 2025.

3. Methodology

The study adopted the quantitative research method using a questionnaire to collect data. Primary data was collected using a self-administered questionnaire consisting of closed-ended and 5-scale Likert questions to collect data on the independent and dependent variables. Secondary data was mainly collected from journal articles to support the theoretical framework of the study.

Population, sample and sampling techniques

The target population of this study consists of all the 143 legally authorized category one MFIs in the CamCCUL network in Cameroon operating in eight (8) out of the ten (10) regions according to the 'Liste des Etablissements de Microfinance agrees au 30 Avril 2024'. A representative sample of 103 MFIs was obtained using a statistical formula for calculating the sample size from a population derived by Taro Yamane in 1967. The formula is $n = \frac{N}{1+N.e^2}$ where N is the study population (138), n is the sample size and e the level of significance (accepted error term) of 0.05%. The sample size $n = \frac{138}{1+138 \times (0.05)^2}$ = 103 MFIs and were selected using the convenience, purposive and simple random sampling techniques.

The convenience sampling technique was adopted in selecting the 103 sampled MFIs based on their ease of accessibility in the regions. The Adamawa, North and the South regions of Cameroon whose MFIs were left out in the study population constitute the most dispersed and inaccessible regions for this study. The purposive or expert sampling was used to target either the manager, accountant or loan officer based on their job position and expertise knowledge that goes with the job title. To get either of the three to answer the lone questionnaire administered in each MFI, a simple random technique was employed based on availability and willingness to participate in the survey. The target, study and sample population frame is presented in table 1 below.

Table 1: Target, study and sample population frame

Region	Adama-wa	Cen-tre	East	Far North	Litto-ral	North	North West	West	South	South West	Total
Target Pop.	02	03	00	00	15	02	60	16	01	44	**143**
Study Pop.	00	03	00	00	15	00	60	16	00	44	**138**
Sample Size	00	02	00	00	11	00	45	12	00	33	**103**

Source: Computed by Researcher based on Taro Yamane's formula and list of MFIs under CamCCUL Network in Cameroon (2024).

Validity and reliability of instruments

Validity was ensured by constructing the questionnaire items based on guided information from prior studies; this was then submitted to the supervisors for scrutiny and notable corrections were integrated and progressed to pilot testing in ten MFIs out of the CamCCUL network for the purpose of enhancing the instrument's validity. Cronbach's alpha was used to measure the internal consistency of the questionnaire scales to ensure reliability of the instrument. According to (DeVellis, 2017) Cronbach's alpha values ranging from 0.7- 0.9 are generally deemed satisfactory for research purposes. See table 1 below.

Model specification

Our model is multivariate regression of the independent and dependent variables operationalized as follows:

$$FINP = \beta_0 + \beta_1 ARDA + \beta_2 ACRC + \beta_3 EPMT + \beta_4 PE + \beta_5 PIS + \varepsilon \quad \ldots\ldots 1$$

$$SOCIAP = \beta_0 + \beta_1 ARDA + \beta_2 ACRC + \beta_3 EPMT + \beta_4 PE + \beta_5 PIS + \varepsilon \quad \ldots\ldots 2$$

Where:

FINP = Financial Performance; SOCIAP = Social Performance
FINP = OSS + ROA; SOCIAP = BOOR + DOOR
OSS = Operational Self-Sufficiency; BOOR = Breadth of Outreach;
ROA = Return on Assets; DOOR = Depth of Outreach
EPMT = Establishment of Performance Measurement Targets PE = Performance Evaluation
ACRC = Allocation of Costs and Revenues for Controllability PIS = Performance Incentive System
ARDA = Assignment of Responsibilities and Delegation of Authority
$\beta 1 - \beta 5$ = represent the coefficients of the explanatory variables
ε = represents the error term of the model $\beta 0$ = is the constant term

Data analysis methods

Data collected was analysed using descriptive statistics to analyse characteristics such as mean, standard deviation, minimum and maximum and inferential statistics to test hypotheses of the study. Regression model was estimated using the Robust Ordinary Least Square (OLS). The OLS was not used because of outliers and the Robust OLS was preferred to ensure that the model is not overly influenced by outliers and that the results are more reliable and generalizable. It also supported a sample of less than 100. The PLS-SEM (SmartPLS) could have been used but it does not support an actual sample of less than 100. The variance inflation factor (VIF) was employed to test for multicollinearity and Breusch Pagan Cook-Weisberg test was conducted to check for heteroskedasticity.

4. Results and discussion

Cronbach alpha: The scales had values higher than 0.7 and satisfied the condition of reliability of the model.

Table 2: Cronbach alpha results

Dimension	Number of Items	Cronbach Alpha
Operational Self Sufficiency (OSS)	3	0.7716
Return on Assets (ROA)	3	0.7413
Depth of Outreach (DOOR)	2	0.8809
Breadth of Outreach (BOOR)	2	0.7308
Assignment of Responsibilities & Delegation of Authority (ARDA)	4	0.7359
Allocation of Costs and Revenues for Controllability (ACRC)	4	0.7267
Establishment of performance measurement targets (EPMT)	4	0.7649
Performance Evaluation of Managers and/or Branch (PE)	4	0.7511
Performance Incentive Scheme (PIS)	3	0.7962

Source: Author's Computation based on data collected in 2025.

Exploratory factor analysis (EFA)

From Table 3, KMO results = 0.711 (> 0.5) and sig. = 0.000 (< 0.05) confirm that the correlation matrix is not an identity matrix, the variables are intercorrelated and satisfy the condition for EFA analysis.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.711
Bartlett's Test of Sphericity	Approx. Chi-Square	703.619
	Df	171
	Sig.	.000

Source: Author's Computation based on data collected in 2025.

Principal component analysis (PCA)

This was used as the extraction method. The Total Variance Explained table indicates that eigenvalue > 1 and all five factors were extracted. With cumulative % of extraction sums of squared loadings being 64.486, it means that the fluctuation figures are explained by five factors.

Table 4: Total variance explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.834	30.705	30.705	5.834	30.705	30.705
2	2.176	11.452	42.157	2.176	11.452	42.157
3	1.854	9.760	51.917	1.854	9.760	51.917
4	1.393	7.330	59.246	1.393	7.330	59.246
5	1.096	5.768	64.486	1.096	5.768	64.486

Source: Author's Computation based on data collected in 2025.

Table 5: Summary of descriptive statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
FINP	86	.073	.167	0	1
SOCIAP	86	.390	.243	0	1
ARDA	86	.252	.179	0	1
ACRC	86	.233	.195	0	1
EPMT	86	.178	.145	0	1
PE	86	.022	.109	0	1
PIS	86	.077	.167	0	1
OSS	86	.091	.195	0	1
ROA	86	.210	.189	0	1
BOOR	86	.167	.295	0	1
DOOR	86	.012	.108	0	1

Source: Author's Computation based on data collected in 2025.

Financial Performance (FINP), with a mean of 0.073, shows weak financial outcomes across institutions, suggesting limited profitability and slow growth. The relatively small standard deviation (0.167) indicates that this weakness is consistent among organizations. Such results highlight inefficiencies in cost control, poor income generation, or limited investment planning, which collectively constrain financial growth and stability.

Social Performance (SOCIAP) records a mean of 0.39, showing moderate engagement in socially oriented activities such as client welfare and community development initiatives. However, the standard deviation of 0.243 reveals significant variation across organizations, meaning that while some perform well, others do not prioritize social objectives. This uneven performance indicates that social responsibility is recognized but not uniformly embedded in institutional policies.

Operational Self-Sufficiency (OSS) has a mean of 0.252, suggesting modest ability of organizations to cover operational costs using internally generated income. The standard deviation of 0.179 points to moderate variation, implying that some organizations are close to achieving cost recovery while others rely heavily on external funding. This calls for improved operational efficiency and better resource management.

Return on Assets (ROA), with a mean of 0.233 and standard deviation of 0.195, indicates low profitability derived from total assets. This shows that institutions are not utilizing their assets optimally to generate returns. The differences in asset efficiency across organizations highlight the need for stronger financial management and asset utilization strategies. The Depth of Outreach (DOOR) mean of 0.178 suggests limited ability to reach poorer or underserved populations, with a standard deviation of 0.145 indicating that most institutions perform similarly in this respect. This shows that outreach strategies need to be redesigned to target marginalized groups more effectively. Similarly, the Breadth of Outreach (BOOR) has an extremely low mean of 0.022 and a standard deviation of 0.109, reflecting a narrow customer base and minimal coverage. This limitation implies weak expansion and insufficient service penetration into wider communities.

The Assignment of Responsibilities and Delegation of Authority (ARDA) have a mean of 0.077, indicating weak delegation and unclear role assignment within institutions. The standard deviation of 0.167 implies slight variability, showing that few organizations practice effective responsibility

delegation. This suggests centralized decision-making and a lack of accountability mechanisms. The Allocation of Costs and Revenues for Controllability (ACRC) mean of 0.107 and standard deviation of 0.131 indicate poor implementation of controllability accounting systems. Most institutions do not assign costs and revenues to responsible managers, weakening their ability to monitor performance accurately.

The Establishment of Performance Measurement Targets (EPMT) has the highest mean of 0.533, showing that budgeting and target-setting are well established. The standard deviation of 0.318 suggests moderate differences, meaning that while many organizations use budgets to guide and monitor performance, others still lack structured performance frameworks. The Performance Evaluation of Managers and/or Branches (PE) mean of 0.395 reveals moderate adoption of evaluation mechanisms. The standard deviation of 0.266 indicates variability across institutions, suggesting that while performance appraisals are conducted in some organizations, others lack consistent evaluation systems.

Performance Incentive Scheme (PIS) has a mean of 0.012 and a small standard deviation of 0.108, indicating extremely low adoption of result-based incentive programs. This means employees and managers rarely receive motivation tied to their performance, which can reduce organizational productivity. Overall, the results reveal strong budgeting practices but generally weak financial incentives, outreach, responsibility accounting across institutions.

Regression results

Table 6: Robust Ordinary Least Square Regression for RAC and Financial Performance

FINP	Coef.	Robust St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
ARDA	.002	.108	0.02	.984	-.212	.217	
ACRC	-.083	.081	-1.02	.312	-.245	.079	
EPMT	.117	.094	1.25	.215	-.069	.303	
PE	.559	.164	3.40	.001	.232	.886	***
PIS	-.07	.04	-1.76	.082	-.149	.009	*
Constant	.064	.047	1.38	.172	-.029	.157	

Mean dependent var	0.073	SD dependent var	0.167
R-squared	0.143	Number of obs	86
F-test	2.885	Prob > F	0.019
Akaike crit. (AIC)	-65.663	Bayesian crit. (BIC)	-50.937

*** *p*<.01, ** *p*<.05, * *p*<.1 ***Author's Computation***

Results from table 6 above indicate that the coefficient of ARDA (0.002), EPMT (0.117) and PE (0.559) are positive, suggesting that the variables have a direct effect on the financial performance (FINP) while the coefficient of ACRC (-0.083) and PIS (-0.070) are negative suggesting that a unit increase in these variables, financial performance of microfinance institutions (MFIs) in the CamCCUL network, Cameroon tends to decline slightly. However, the findings of PE and PIS are statistically significant with p-value of (0.001 & 0.082) at the 1% and 10% respectively while the findings of ARDA, ACRC and EPMT have no significant effect on financial performance of MFIs in the CamCCUL network, Cameroon.

The constant term (0.064), though positive, is statistically insignificant (p = 0.172), suggesting that other factors not included in the model may explain part of the variation in financial performance. The model has an R-squared value of 0.143, meaning that approximately 14.3% of the variation in financial

performance is explained by the responsibility accounting contents included in the model (ARDA, ACRC, EPMT, PE, and PIS). The F-test value of 2.885 with a probability of 0.019 indicates that the model is statistically significant at the 5% level, suggesting that at least one of the independent variables has a meaningful impact on financial performance.

Table 7: Robust ordinary least square regression for RAC and social performance

SOCIAP	Coef.	Robust St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
ARDA	.785	.21	3.74	.000	.368	1.202	***
ACRC	-.029	.133	-0.22	.828	-.293	.235	
EPMT	.045	.167	0.27	.788	-.288	.378	
PE	-.465	.07	-6.65	.000	-.604	-.326	***
PIS	-.018	.071	-0.25	.803	-.159	.123	
Constant	.203	.034	5.92	.000	.134	.271	***
Mean dependent var		0.390	SD dependent var			0.243	
R-squared		0.354	Number of obs			86	
F-test		13.832	Prob > F			0.000	
Akaike crit. (AIC)		-25.797	Bayesian crit. (BIC)			-11.071	

*** $p<.01$, ** $p<.05$, * $p<.1$ ***Author's Computation***

Results from the table 7 above reveal that the coefficients of ARDA (0.785) and EPMT (0.045) are positive, suggesting that they have direct effect on social performance whereas, the coef. of ACRC (-0.029), PE (-0.465) and PIS (-0.018) are negative meaning that a one-unit increase in these factors turn to reduce social performance of MFIs in the CamCCUL network, Cameroon. However, the findings of ARDA and PE are statistically significant with p-value of (0.000) while the findings of ACRC, EPMT and PIS have no significant effect on social performance of MFIs in the CamCCUL network, Cameroon.

The constant term is positive (0.203) and significant at the 1% level (p = 0.000), indicating that in the absence of ARDA, ACRC, EPMT, PE, and PIS, the MFIs maintain a moderate level of social performance. The R-squared value of 0.354 shows that approximately 35.4% of the variation in social performance is explained by the responsibility accounting contents included in the model, while the F-test (13.832, p = 0.000) confirms that the overall model is statistically significant. These results collectively suggest that clear delegation of authority and responsibilities plays a critical role in driving social outcomes, while overly stringent performance evaluations may hinder social engagements and inclusivity within microfinance institutions.

Table 8: Variance Inflation Factor (VIF) Test for Multicollinearity

	VIF	**1/VIF**
ACRC	1.401	.714
ARDA	1.305	.766
EPMT	1.288	.776
PIS	1.034	.967
PE	1.02	.98
Mean VIF	1.21	.

Author's Computation.

Result of VIF indicates that all coefficients of VIF are quite low and below 2.0, suggesting that there is no multicollinearity problem in the model. Vittinghoff *et al.* (2005) suggest that VIF values must be less than 10 to ensure appropriateness of information in the model.

Table 9: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance
Variables: fitted values of SUP
chi2(1) = 4.64
Prob > chi2 = 0.0313

Author's Computation

For the existence of the issue of heteroskedasticity within our model, the Breusch Pagan and Cook Weisberg test of heteroskedasticity result indicates that, the null hypothesis of constant variance is rejected showing that our estimated model suffers from heteroscedasticity problem. Several authors have discussed the use of heteroscedasticity in Ordinary Least Squares (OLS) regression and have suggested rejection thresholds for detecting heteroscedasticity. White (1980) proposes a test, Kennedy (2003) discussed the various tests for heteroscedasticity, and both suggest a rejection threshold of 5%. Greene (2000) discussed the consequences of heteroscedasticity and suggests a rejection threshold of 10%.

Discussion of results

The findings on RA and performance indicators reveal nuanced effects between various RA metrics and performance of MFIs in the CamCCUL network, Cameroon. ARDA has a positive but insignificant effect on financial performance suggesting that while clear assignment of tasks and delegation of authority may conceptually support operational efficiency and accountability, their direct effect on financial performance in these MFIs is weak. This aligns with observations by (Tuan, 2017), who noted that RA elements such as assigning responsibilities and delegating power are often applied at medium levels, reflecting partial adoption or inconsistent enforcement. Similarly, (Saifi, 2024) emphasized that organizational structure and responsibility centres positively influence control processes but not necessarily performance evaluation, underscoring that the translation of assigned responsibilities into measurable financial outcomes may require additional complementary systems.

The results further indicate that ACRC had a negative and insignificant effect on both financial and social performances, highlighting that cost and revenue allocation alone may not meaningfully drive financial and social outcomes. This is consistent with findings by (Festus et al., 2020), who demonstrated that while RA positively affects profitability, its effectiveness depends on appropriate control and contextual application. Similarly, (Shakir et al., 2022) emphasized that RA variables, including cost allocation, require proper integration with performance measurement systems to meaningfully impact organizational outcomes. The results disagree with that of (Nguyen, 2021) who stated that cost and revenue allocation are factors that have the strongest impact on the organizational efficiency of pharmaceutical enterprises.

In contrast, EPMT exhibited a positive but insignificant effect on both performance dimensions indicating that the positive effect of EPMT on these dimensions cannot be confirmed statistically. The positive sign suggests that setting targets might help align institutional behaviour toward social and financial objectives, its lack of significance may result from poor monitoring systems for both indicators. This result defers from (Nguyen et al., 2019); (Nguyen, 2021) whose result exhibits that estimation is positively significant to organisational performance and efficiency.

The strongest effect was observed for PE, which had an averagely significant positive effect on the two performance indicators. This finding resonates with (Chima et al., 2018), who argued that RA, coupled with internal control, provides a robust framework for assessing efficiency, effectiveness, and organizational objectives. By systematically evaluating managers and branches, MFIs can foster accountability, continuous improvement, and alignment with sustainability goals, a principle supported by (Le & Bui, 2020) and (Dang, 2024), who reported that RA effectiveness enhances managerial performance and operational efficiency.

Finally, PIS were negative and insignificant, suggesting that incentive mechanisms in these institutions may be poorly designed or narrowly focused, echoing (Hanini, 2013) who noted employee dissatisfaction with incentive structures in Jordanian banks, and emphasizing that incentives alone are insufficient to drive financial outcomes.

5. Conclusion

The study investigates the effects of responsibility accounting on financial and social performance of branch expansion of MFIs in the CamCCUL network, Cameroon. Using quantitative analysis and regression modelling, the study established that the effect of RA and financial and social performance is positive but varies significantly across components. Findings revealed that performance evaluation is the only proxy having a statistically significant effect on both financial and social performance (p. v 0.008 & 0.000) respectively while ACRC and EPMT have statistically insignificant effect on both dimensions suggesting that their potential benefits depend on effective implementation and integration with broader organizational strategies. Based on this research study, the following recommendations emerged from the findings:

i. MFIs should set realistic and measurable goals linked to financial and non-financial performance indicators with absolute involvement of branch managers and review the targets regularly to evaluate progress.
ii. For performance evaluation to further enhance performance dimensions, MFIs board management should conduct periodic performance appraisals and use results for decision-making, promotions, and rewards.
iii. To make accountability effective, incentive systems should be tied to measurable performance results to motivate managers and staff toward achieving institutional goals.
iv. MFIs in general and CamCCUL network in particular should empower branch managers to make operational decisions and accountability for performance of their branch for RA to be more effective.
v. MFIs should manage cost and revenue allocations more effectively and efficiently through cost control through planned and actual budget monitoring and systematic reporting to strengthen responsibility accounting application and enhance their effect on performance dimensions.
vi. Policy makers to regulate and enforce RA implementation to boost business performance and sustainability across all sectors of the economy.

Future studies should consider expanding the scope of study beyond the CamCCUL network to include other MFIs networks and independent MFIs in Cameroon and other regions for generalizability of findings across the sector. Data collection should consider both quantitative and qualitative data as well as data triangulation for more comprehensive results.

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