STRATEGIC DECISION-MAKING PROCESSES IN FAMILY BUSINESSES: THE FOUNDING SHAREHOLDER’S POWER PLAY

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Abstract

This article proposes to understand strategic decision-making within family businesses (FBs), with particular emphasis on the role of the different stakeholders in this decision-making. For this, we carried out a qualitative casuistic study. The convenience sampling method enabled us to constitute a sample of eight cases of FBs, with which we conducted semi-structured interviews. Thematic data analysis was made with the content of these interviews. The results obtained show that the decision-making process is not identical within the FBs. However, it remains a power play controlled directly and at different levels by the founding shareholder and indirectly by the members of his nuclear family. This process differs from the model of Fama (1980) and Fama and Jensen (1983) either by the size of the process and the intertwining of roles (Model 1) or by the level of involvement of the nuclear family in the process (Model 2). This article highlights the permanent involvement, formal and/or informal, of the family in the decision-making process and the need to encourage the establishment of a code of governance specific to these FBs.

Keywords: Decision-Making Process, Family Business, Family Governance, Cameroon

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1. INTRODUCTION

For several decades, scientific research has intensified on family businesses (FBs). These entities represent in almost all countries more than 80% of the economy. Several results of this research have been produced but none highlight the decision-making process in these companies. Two decades already since the very first research on FB was conducted in Cameroon. It is indeed the work of Tchankam (2000), whose aim was to show what FB represents in Cameroon. According to this author, FB in Cameroon is a company in which members of the same family control the activity or work and participate actively in the management, maintaining a lasting bond between the family and the company, so to speak. A few years later, Feudjo’s (2006) article that studied the relationship between ownership structure and governance within the FBs followed. He concludes that the concentration of family
ownership has as a corollary the trivialization of the legislative framework of corporate governance in favor of informal structures and oversight mechanisms. On the other hand, Boubakari and Feudjo (2010) have shown that the composition of the board of directors (BoD) has an influence on funding decisions within the FBs in Cameroon. Ndongo (2013) analyses the impact of the quality of governance on the sustainable profitability of the FBs. Since this work, the FB remains a field that has not been very well developed in the field of Management Sciences in the context of Cameroon. However, the role played by the family within the company, especially when it has control, makes the mechanisms of governance complex, especially the recovery of the roles of shareholder and manager, the soul of the FB. The direct consequence of this is the risk of confusion between the mode of governance of a firm and its mode of governance (Hiriogoyen, 2002). From these studies and from other economic or socio-cultural contexts, it emerges that the strategic decision-making process has not yet been analysed. Yet strategic decision-making is of vital importance for companies, and understanding the interaction between the different parties involved is a matter of urgency in the process of rationalizing and controlling the power exercised by each of these stakeholders. Fama (1980) and Fama and Jensen (1983) defined a strategic decision-making model applicable within managerial firms. However, what about FBs, characterized by an intertwining of the family and firm subsystems? What is the level of intervention of the different roles of power involved in the strategic decision-making process? In other words, what is the role of each actor involved in the strategic decision-making process? This article thus proposes to understand and describe the process of strategic decision-making in FBs, with a particular emphasis on the distribution of power between the different actors involved. This choice is justified by the paucity of studies in this field, particularly in the Cameroonian context. The position taken in this article is that an understanding of the strategic decision-making process is possible and useful to explain the disappearance of many FBs with the death of the majority shareholder or founding father of the company.

The rest of this paper is structured as follows. The theoretical framework of analysis is presented in Section 2. The methodology adopted is in Section 3. The obtained results are presented in Section 4. The discussion is in Section 5, and the conclusion in Section 6.

2. FAMILY BUSINESS: THEORY AND CONCEPTS

The company, as a socially organized structure, supposes that the modalities of decision-making are defined. This is based, among other things, on the information held by the decision-makers, which enables them to take decisions in line with the objectives pursued by the company. In order to understand how strategic decisions are made, it would be judicious to present the FB as perceived in Africa in general and in Cameroon in particular; the theoretical underpinnings of decision making as well as the theoretical framework of analysis of FB.

2.1. The family businesses in Cameroon and in Africa

FB is undoubtedly the most widespread form of business in history (Gattaz, 2004) or private initiative (Caby & Hiriogoyen, 2002). Its importance is particularly natural in Africa, where family reality (parental proximity, ethnic-clan solidarity, etc.) culturally takes precedence over purely economic considerations (Bah, Boussaguet, de Freyman, & Ndione, 2017). However, there is not yet a consensus on its definition. It is sometimes understood on the basis of one criterion, sometimes in combination with several criteria. By favouring one criterion, a firm is qualified as family-owned when the capital is controlled by one and the same family (Barnes & Hershon, 1976; Lansberg, Perrow, & Rogolsky, 1988) or by one or more families (Gellner & Gaultier, 1974; Hiriogoyen, 1984; Stern, 1986). On the other hand, according to the multi-criteria approach, a family business is any business whose capital is held by one or more families, the strategy and operation are affected by this family, which participates massively in decision-making. In the African context, some authors have examined the definition of African FB. Thus, Bongou-Bazika (2003) described it as a “unit responsible for producing and selling on the market goods and services [...] belonging to persons linked by direct or indirect consanguinity ties using non-formalized contracts, whose primary objective is to obtain a minimum profit to secure the capital invested and the survival of family members” (p. 19).

In a broader perspective, Lwango (2009) admits the principle of links of solidarity and mutual responsibility between members, while considering that members can hold a relative majority of ownership, with at least two members actively engaged in the strategic management of the company. In this sense, Bah et al. (2017) assert that this proposal reflects a collective belief, shared and implemented by a large number of African entrepreneurs and business leaders: the family (restricted, extended, and ethnic) is an indispensable support for the creation or daily management of a business (financial resources, relational network, labor, etc.).

Cameroon does not escape the predominance of family businesses in its economy. The Cameroonian FB is characterized by the concentration of capital between the head of the family (the founder) and his children, the involvement of family members in management (usually in strategic positions), a culture centered around the person of the founder. This is in fact a transposition of the African culture in general (paternal culture) where the head of the family is the guarantor of all its members. As a result, he manages the company as he sees fit while ensuring its continuity and respecting its standards and values. In this line of thought, Tchankam (2000) defines FB in Cameroon as one in which members of the same family control the activity or work and participate actively in the management, thus maintaining a lasting bond between the family and the company. Despite the fact that most FBs are small in size, some FBs stand out for their size and modernity. Theories have been developed to help us better understand the behavior of these companies.
2.2. Theorising the family businesses

The objective of our research is to understand the process of strategic decision-making in FBs. To answer this problem, we rely on agency theory, stewardship theory, and socio-emotional theory. Indeed, this choice is justified by the fact that we want to shed light on the quality of the relationships between the different stakeholders involved in strategic decision-making in FBs. The complexity of family relationships would have an impact on decision-making behaviour. The anchoring of the family in the company is thus what characterizes African FB. It is, therefore, useful for us to see whether this anchoring supports or limits the firm's decision-making process. Indeed, the aim is to study the interactions between ownership (family), the BoD, and management, particularly with regard to strategic decision-making. Moreover, behaviour is affected by social structures and social relations emanating from integration in a company, hence the object of understanding the behaviour of the different actors; because social structures and relations affect behaviour.

2.2.1. The agency theory

The agency theory of Jensen and Meckling (1976) sees family governance as an advantage for FBs because ownership and management are concentrated. This has the effect of reducing the risk of opportunism. Family involvement in ownership and management unified ownership and control of the firm, thereby reducing traditional agency costs (Fama & Jensen, 1983; Jensen & Meckling, 1976; Mustakallio, Autio, & Zahra, 2002). However, Schulze, Lubatkin, Dino, and Buchholtz (2001) and Gómez-Mejía, Nunez-Nickel, and Gutierrez (2001) showed that the concentration of ownership and management in FBs did not necessarily reduce agency costs; because FBs had other agency problems caused by altruism and personal control (Lubatkin, Schulze, Ling, & Dino, 2005) that do not exist in managerial firms. According to Jensen and Meckling (1976), conflicts arise from the separation of management and ownership. However, Mendy and Diop (2018) show that in the case of Senegalese FBs, conflicts are more present in firms run by a family member than others. Furthermore, Carney (2005) considers that the union of management and ownership results in three dominant characteristics of FBs: parsimony, personality, and particularism. Parsimony refers to the careful preservation of resources and allocation of results linked to the family’s commitment. Personalism describes the personalization of authority in the family, which can thus project its own vision on the business, which is a dominant characteristic in African FBs. Particularism means that decision criteria, specific to FBs, will influence decision-making. In this sense, decisions will be based on family values to the detriment of the company and other employees.

Thus, in the light of agency theory, we can affirm that family members have property rights which they exercise by influencing the decision-making process of the firm. The confusion of ownership and control thus leads to a concentration of power in the hands of the founder and his family (De Massis, Frattini, Pizzurno, & Cassia, 2015).

2.2.2. The stewardship theory

Developed by Donaldson and Davis (1991), this theory states that individuals are not always opportunistic. There are good stewards who are loyal to their constituents. This theory is complementary to the agency theory. Thus, in FBs, there would be no agency problem as long as ownership and control are concentrated in the owning family. Family managers see their firm as a means of fulfilling their needs for security, social contribution, belonging, and reputation within the family (Gómez-Mejía, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Miller, Le Breton-Miller, & Scholnick, 2008). Therefore, the decision-making process would be led by members with a common goal.

2.2.3. Socio-emotional theory

Developed by Gómez-Mejía et al. (2007), it emphasizes the emotional character in the management of FBs. According to socio-emotional theory, the preservation of socio-emotional capital is a key objective for FBs in decision-making. This objective leads the company to make strategic decisions that cannot be explained solely by economic and financial logic (Zellweger, Chrisman, Chua, & Steier, 2019). Socio-emotional theory does not reject agency theory but asserts that even if it is likely to have opportunistic behaviours within the FB, this is justified by the desire to preserve its socio-emotional capital.

The social-emotional capital of FBs takes many forms, including the ability to exercise authority (Schulze, Lubatkin, & Dino, 2003), the satisfaction of the need for belonging, affection, and intimacy (Kepner, 1983), the perpetuation of corporate values within the firm (Handler, 1990), the preservation of the family dynasty (Casson, 1999), the conservation of family social capital (Arregle, Hitt, Siromon, & Very, 2007), the fulfilment of family obligations based on blood ties rather than on strict criteria of competence (Athanassiou, Crittenden, Kelly, & Marquez, 2002), and the opportunity to be altruistic towards family members (Schulze et al., 2003). Thus, losing this socio-emotional capital implies loss of intimacy, reduced status and failure to achieve family goals. The non-involvement of external members in the strategic decision-making process of the FBs would therefore be explained by the preservation of socio-emotional capital; for integrating outsiders into the “family thing” would mean losing family intimacy and authority.

Although the behavior of decision-makers can be based on family theories, decision theories have nevertheless been developed with the aim of rationalizing decisions in organizations.

2.2.4. Decision-making models

Various classical decision-making models have been developed to study the daily decision-making process. The rational model based on economics assumes the rational behaviour of decision-makers in decision-making. The organizational model (Simon, 1956) of psychologically-based decision making takes into account the limited rationality of agents, and the decision is made slowly so that one is not surprised by the external environment. On the other hand, the political decision-making
model (Cyert & March, 1963) considers the decision as to the result of political and social games (politics, conflict of interest, power, influence peddling). It is traditionally understood as the negative use of power in the pursuit of personal interests (Harrell-Cook, Ferris, & Dulebohn, 1999; Ferris & Treadway, 2014; Hochwarter, 2012). However, Child, Elbanna, and Rodrigues (2010) and Elbanna (2018) show a constructive contribution of political behaviour to strategic decision-making.

This development certainly concerns the classical decision-making in the company, i.e., decisions that concern the daily management of the company. However, we use this logic to study the process of strategic decision-making in FBs. The first works date back to those of Fama (1980), followed by those of Fama and Jensen (1983). Indeed, Fama (1980) develops the idea of the separation of ownership and control as an effective form of economic development of firms. It draws on the work of Jensen and Meckling (1976) to show that strategic decision-making within the firm is the responsibility of the manager on the one hand, and the control mechanism implemented by the owners on the other. This work focused on the strategic decision-making process in managerial firms with dispersed capital. And, as noted above, no real study has yet been carried out on the strategic decision-making process in the particular firms that are FBs; hence the purpose of this work.

2.2.5. Strategic decision-making: A power game

According to Mintzberg (1983), power is the ability to produce or modify organizational results or effects. The decision-making process, therefore, involves different actors who use various levers to influence it. As a result, each actor involved uses his or her power to influence decision-making. Elbanna (2010) equates it with political behaviour, because decision-making is the result of compromises between different actors. According to Fama (1980) and Fama and Jensen (1983), the director general (CEO) has the power to initiate and implement strategic decisions. As for the board, it has the power to ratify and monitor the implementation of decisions. Moving in the same direction, Hermalin and Weibach (2003) indicate that the BoD is an economic institution, whose mission is to reduce agency problems between shareholders and managers. Nam and Lum (2004) goes in the same vein when he considers the BoD as the main instrument of governance within any company.

This remains true within managerial firms where ownership and management are separated. However, in FBs, ownership, and management are concentrated within a family. In this case, Basly (2007) shows that the decision-making process is dominated by the founder. The latter, who is usually the president, centralizes decision-making power and dominates the decision-making process (Eisenhardt & Bourgeois, 1988). These authors, therefore, show that when the president does not distribute decision-making power among the members of the management team, the latter form coalitions, pursue their own agendas and, on the whole, act in a destructive manner. Moreover, the involvement of the family members who are shareholders in the company’s affairs is an essential feature of FBs. To hammer this influence of the family in the company’s activities, Poza and Messer (2001) demonstrated that the wife of the president can influence decisions indirectly and in a hidden way. Furthermore, the FB is a structure within which the very active woman, through her role as wife, mother, and daughter of the family, transcends the prejudices surrounding her work. She finds there a flexible framework of fulfillment and valorization that reconciles professional and family life (Cartuy & Buff, 1996). As a result, the family inevitably influences the company’s operations.

From this theoretical analysis, it turns out that the strategic decision-making process would be influenced by family considerations. The power of decision, although distributed among several actors, its exercise would be the sole prerogative of the president or founding shareholder of the firm; that is, in fact, the majority shareholder. With a view to verifying this thesis, the following protocol has been adopted.

3. RESEARCH METHODOLOGY

We conducted a qualitative multi-case study. As Eisenhardt (1989) points out, this type of study is appropriate when the purpose of the research is to gain an in-depth understanding of a phenomenon. Indeed, our objective is to understand the process of strategic decision-making in FBs. Thus, our sample consists of eight cases of FB in Cameroon. These companies are all public limited companies (PLC) members of GICAM (Groupement Inter-Patronal du Cameroun – Inter-Patronal Grouping of Cameroon). GICAM is the most representative organization of the private sector in Cameroon. The following table provides details on these companies.

| Table 1. Characteristics of the sample |
|----------------------------------------|
| **Sample firms** | Case 1 | Case 2 | Case 3 | Case 4 | Case 5 | Case 6 | Case 7 | Case 8 |
| Year of creation | 2006 | 2006 | 2006 | 2006 | 1972 | 1980 | 2006 | 1985 |
| Capital (in FCFA, local currency) | 2 G | 1,6 G | 2,25 G | 5,5 G | 3,33 G | 2 G | 6 G | 1,5 G |
| Number of employees | 600 | 500 | 500 | 300 | 312 | 150 | 600 | 200 |
| Head office | Douala | Douala | Douala | Douala | Douala | Douala | Douala | Douala |
| Percentage of capital held by the family | 100% | 70% | 65% | 80% | 80% | 95% | 99% | 80% |
| Stakeholders involved in the decision-making process | CEO, Daughter of BC | President, BoD | President, BoD | President, BoD | President, BoD, Family | CEO, BC, BC Advisor | President, Son of the President, Deputy CEO | CEO, Family |
| Combination of the functions of CEO and BC | No | Yes | Yes | Yes | Yes | No | Yes | No |
| Survey period | Jun. 2019 | Jun. 2019 | Jul. 2019 | Jul. 2019 | Aug. 2019 | Aug. 2019 | Sep. 2019 | Sep. 2019 |
Data collection took place between June and September 2019. The data collection medium was the interview guide. It was structured in two main parts. The first part was intended to provide general information. The second part was somewhat more specific than the first. It was a question here of approaching the topic of the management of the company itself. The respondent was asked to define the concept of strategic decision-making, give examples, and describe the decision-making process in his company. The next step was for the respondent to explicitly describe the process followed for making a specific strategic decision already adopted; highlighting the role of each of the parties involved. The objective was to perceive the actors in the decision-making process and the relationships that exist between them. The collection method was the semi-directive interview. Within each company, we chose to interview the people theoretically involved in the decision-making process, namely the CEO, the president, and the members of the BoD. It should be noted that in several family businesses, the functions of the CEO and board chairman (BC) are held by the same person. In this case, the person is appointed under the function of president. In addition to these people, we also interviewed some of the company’s executives, members of the shareholder family who hold management positions or positions of responsibility. The objective was to have the point of view of each person and to cross-check the different information obtained. This involved triangulation of data sources. The following table shows the location and duration of the various interviews conducted.

### Table 2. Location and duration of the various interviews

| Interviewees | Duration of the interview | Place of interview | Maintenance climate |
|--------------|---------------------------|--------------------|---------------------|
| **Case 1**   |                           |                    |                     |
| - CEO        | 30 mn                     | 90 mn              | Company (in each interviewee’s office) |
| - an internal administrator | 60 mn | 200 mn | Less formal |
| - a family member | 45 mn | 120 mn | Formal |
| **Case 2**   |                           |                    |                     |
| - CEO (President) | 45 mn | 135 mn | Company (in each interviewee’s office) |
| - an administrator | 30 mn | 60 mn | Formal |
| - a manager (HR) | 45mn | 120 mn | Less formal |
| **Case 3**   |                           |                    |                     |
| - Deputy CEO (DCEO) | 45 mn | 135 mn | Company (in each interviewee’s office) |
| - an internal administrator | 60 mn | 50 mn | Formal |
| - an executive (accounting manager) | 30mn | 135 mn | Less formal |
| **Case 4**   |                           |                    |                     |
| - DCEO       | 30 mn                     | 90 mn              | Company (in each interviewee’s office) |
| - an internal administrator | 45 mn | 165 mn | Less formal |
| - an executive (HR) | 45mn | 125 mn | Very formal |
| **Case 5**   |                           |                    |                     |
| - an administrator | 30 mn | 90 mn | Company (in each interviewee’s office) |
| - an executive (CFO) | 45 mn | 125 mn | Less formal |
| - an executive (HR) | 45mn | 125 mn | Formal |
| **Case 6**   |                           |                    |                     |
| - Board chair (BC) advisor | 90 mn | 120 mn | Company (in each interviewee’s office) |
| - an executive (HR) | 45mn | 120 mn | Formal |
| **Case 7**   |                           |                    |                     |
| - DCEO       | 50 mn                     | 90 mn              | Company (in each interviewee’s office) |
| - an executive (CFO) | 120 mn | 170 mn | Formal |
| - an executive (HR) | 45mn | 120 mn | Less formal |
| **Case 8**   |                           |                    |                     |
| - CEO        | 50 mn                     | 60 mn              | Company (in each interviewee’s office) |
| - an executive (accounting manager) | 90mn | 130 mn | Formal |

Reading this table, it appears that we conducted 21 interviews, for a total of 1165 mn, i.e., 19h 25 mn. It should be noted that data collection and data processing are two iterative steps in the realization of a case study. That said, we did not limit ourselves to one interview per respondent. On the contrary, we went back and forth in the field. Most of the interviews were conducted in a formal setting. The data collected was subject to thematic content analysis. This analysis was carried out in four stages. First of all, we got the transcript of all our interviews. Then, we obtained the construction of the analysis grid that allowed us to code the data. It should be noted that these two steps were carried out using NVivo10 software. The last step was the interpretation of the data, i.e., to give meaning to the coded verbatim sequences. It should be noted that the data collection and analysis steps were carried out jointly. This is likely to prove the veracity of the results obtained.

4. **RESEARCH RESULTS**

4.1. **The procedural nature of the decision-making process**

The characteristics of the decision-making process depend on the nature of the decision to be made. Indeed, not all decisions made follow a process.

The primary objective of the data collection was to gain confidence in the interviewees’ understanding of the concept of strategic decision-making. It is this type of decision that makes the steps in the realization of a study. The thematic analysis shows that the notion of strategic decision-making is relatively unanimous among the interviewees. Indeed, they perceive strategic decisions as those that impact the future of the company. In fact, one interviewee states:

“[…] when we talk about a strategic decision, we are referring to a decision that should keep the company going for more than a year. The horizon can be 3, 4, or even 5 years. It’s a decision that must have a profound impact on the company’s business […]”.

For others, the notion of strategic decision is understood as a decision that has a real impact on the company’s profitability and that is not taken on a daily basis: “A strategic decision is a decision that has a direct impact on the company’s profitability, on future projects”, says one interviewee.

That said, when asked how strategic decisions are made within their company, opinions converge. The decision is taken at the end of a process involving several actors: “[…] The president, with the support of the management committee, prepared and put together the file that he submitted to the BoD. The latter after examination ratified the decision and the decision was implemented by the BoD […]”.
Consultants and Table 1. Percentage coverage of the different actors involved in the decision-making process

| Actor                  | Percentage Coverage |
|------------------------|---------------------|
| The family             | 50%                 |
| The Board of Directors | 45%                 |
| The CEO                | 35%                 |
| The DCEO               | 30%                 |
| The BC                 | 25%                 |
| The President          | 20%                 |
| Consultants and Experts| 15%                 |

he even changes along the way, that is he starts a project and then when he starts the implementation, he decides to enlarge it. Is what we did with the gas project”.

“I told you that the president is the one who decides everything, at the level of the board. The decision-making is up to him. If he doesn’t agree, you have to make sure he agrees; there are not many of them, there is no one to stand up to him there, the board is essentially made up of his wives and children […]”.

On the other hand, in Case 4, the process is more linear and formalized. The stages of the proposal and application of the decision are carried out by the deputy CEO (DCEO); on the other hand, validation and control are the work of the BoD. Nevertheless, it can be seen that the president, who is at the same time the founder of the company, also initiates the decisions and exercises a right of oversight over the validation and control activities through the BoD. This process remains dominated by the founding president.

The eight (8) cases studied show that strategic decisions within the FBs are made according to a process as defined by Simon (1956). According to him, every decision follows a more or less complex process whose main stages are the perception of the need for a decision, the inventory, and analysis of possible choices, the selection, then the implementation and evaluation of one of the selected options.

4.2. Highlighting the dominant role of the founding shareholder in the strategic decision-making process within the FBs

The exploitation of the data allowed us to understand that several types of actors, divided into two groups, are involved in the strategic decision-making process. On the one hand, the internal decision-makers who exercise legitimate power in the company, namely: the CEO, who is very often also the president (he combines the functions of CEO and BC) or DCEO, or BC who is usually the founder, and the BoD. On the other hand, external stakeholders have an indirect influence on the decision-making process. Their involvement is most often informal.
It is clear from this figure that interviewees expressed the most views on the roles of the board, the CEO, and the president. This shows their involvement in the decision-making process. In fact, the subsequent table summarizes the different actors involved in the decision-making process of the cases studied, highlighting the percentages in relation to the number of cases and the percentage of coverage.

Table 3. Actors involved in the decision-making process of the FBs in Cameroon

| Different actors | Percentage of cases | Percentage of coverage |
|------------------|---------------------|------------------------|
| The family       | 62.5%               | 24.83%                 |
| The BoD          | 75%                 | 43.88%                 |
| The CEO          | 62.5%               | 35.23%                 |
| The DCEO         | 62.5%               | 25.24%                 |
| The BC           | 37.5%               | 14.03%                 |
| The president    | 62.5%               | 36.01%                 |
| Consultants and experts | 62.5% | 6.75% |

It emerges from this table that the FB decision-making process in Cameroon involves three main stakeholders namely: 1) the BoD, which is the stakeholder most involved in the strategic decision-making process (75% of cases with a coverage rate of 43.88%); 2) the CEO, who is the second stakeholder (62.5% of cases with a coverage rate of 35.23%); and finally 3) the family, which is the third stakeholder with a coverage rate of 24.83%. The similarity in the percentages of cases covered by the DCEO and the president can be explained by the fact that when the majority family shareholder or the founder of the company is at the same time president, he appoints a DCEO in the company to assist him. At that time, it is this DCEO who acts as president, and the founder acts as BC.

These different actors share the tasks of initiation, ratification, implementation, and control of the decision. Indeed, as shown in the following figure, the strategic decision-making process within the FBs is broken down into four stages.

Figure 2. Percentage coverage of different stages of the decision-making process

It emerges from this figure that the stages relating to the initiation, ratification, and implementation of the decision are the stages that most furnished the interviewees’ comments, with coverage percentages of 69%, 74%, and 65%, respectively. The monitoring phase was very poorly mentioned (10%). Indeed, the role of initiating the decision is primarily the responsibility of the management team.

"[...] in fact, we have a management committee, which meets weekly and makes proposals to management [...]".

"[...] this means that the president can propose an idea with his team, following a reflection [...]".

"[...] a working committee, which has been set up, makes proposals [...] but before that, there are studies, research that is carried out".

But also, it is the prerogative of the founding president or of the BC:

"[...] it can also happen that the president makes proposals to all executives [...]".

The initiative of the decision constitutes what Simon (1956) calls intelligence, it is the identification of a need, a problem to be solved as well as the search for information and the different alternatives. Ratification, which is the choice of an alternative, is carried out by the founder, who either holds the positions of president and BC.

"[...] but when it is necessary to commit to the company’s strategy, the president must validate [...]".

This task is also carried out by the BoD.

"[...] the board, according to the framework it wants to have for the business, analyzes whether or not management must implement a budget [...]. At the board, the directors analyze whether or not this budget will have the expected results, are the guidelines in relation to the company’s vision taken into account in this budget, if so, the board approves the budget [...]".

It should be noted that it is at this stage that the family and external actors intervene. In fact, before making the final decision, the president consults with family members through family meetings as stated in the following verbatim:
"The family intervenes in consultations but not in a formal way in the company, we are in a family business, and the president, before making a decision, must first ask the opinion of his brothers [...]".

"[...] there are several decisions that are made at home. The president sits almost every Sunday with his family [...]. Sometimes, once a decision is made, the president, the next morning does something rather different".

On the other hand, external actors have consultative power when the decision is ratified. They are contacted for their expertise; therefore, their opinion is not mandatory.

The implementation of the decision is most often led by the management team under the impetus of the CEO or DCEO when there is a combination of functions:

"[...] when the BC has already made a decision, it is up to us to implement it and that's it [...]".

"[...] we are in the process of installing a new mill [...]".

During this implementation phase, there may be situations where the previously decided idea is modified. New ideas emerge, leading to changes during implementation. One interviewee commented:

"[...] we had a project to create a filling center with a low-capacity storage unit, but in the implementation, the president had an opportunity to purchase containers at a lower cost which he seized, and the project turned into a high-capacity filling center [...]".

This also shows the involvement of the president in the implementation of a decision.

Globally, we would say that decision-making power is divided between three main actors: the founder who generally can be either the president or the BC (in short, the founder of the company who exercises executive power), the BoD or its president (BC) and the family shareholder. The family generally intervenes through the family council or through family members involved in the company. Indeed, these different actors share power with regard to the initiative, ratification, implementation, and control of decisions. The process begins with the initiative of the decision, which can be likened to the design stage, the search for information and possible solutions. Contrary to the model defined by Fama (1980) and Fama and Jensen (1983), this step is not only reserved for the CEO. The founder, who is usually either the president or BC, also takes the initiative in making decisions and ratifying them. At this point, the decision is no longer taken at the end of a process but, rather, constitutes a black box, the workings, and contours of which only the person of the founder controls. Then comes the ratification of the decision by the competent authority. Finally, there is the execution stage, which involves the implementation of the chosen solution followed by the control.

From the foregoing, it must be noted that the decision-making process within the FBs in Cameroon is a power play of the founding shareholder of the company. The latter holds sovereign power in the decision-making process and exercises it independently of his position (president, CEO, etc.) in the hierarchy of the company. The other stakeholders (DCEO and BC) exercise the share of power granted to them by the latter. Through the family council, the family plays a role in controlling and influencing decisions with the founding shareholder and on the corporate officers, whether family or not. The following model presents this three-step process.

**Figure 3. Decision model 1 - The three-step decision process or short model**
This model highlights the different actors involved in the decision-making process and their roles. This model is observed in 75% of the cases studied. It is the dominant model within the FBs. This process includes three stages: initiation of the decision, ratification of the decision, and implementation of the decision. The actors directly involved in this process are the steering committee headed by the CEO, the founder who can be either president or BC, and finally the BoD. In addition to these internal actors, there are external persons who do not participate directly in the decision-making process. As their involvement is more informal, they intervene through the opinions and advice they give to the direct actors. They, therefore, have a consultative power. They are experts and consultants or advisers. Family members, through family meetings and consultations, have a power of influence on the president or the founder of the company, whether he is the president or BC. This power of influence of the family is usually stronger than the legitimate power of the corporate officers, employees and not soaked with the blood of the controlling shareholder or founder.

Figure 4. Decision model 2 – The four-step decision process or the long model

This second decision-making model is identical to the one defined by Fama and Jensen (1983) in the case of managerial firms; but it differs from this model by the involvement of family members, whether or not they hold positions of responsibility in the firm. This model is observed in only 25% of cases. Indeed, this process includes four stages: initiation of the decision, ratification of the decision, implementation of the decision, and control of the decision. However, in addition to the traditional actors that are the manager and the BoD, there are also experts and consultants. The latter provide advice and guidance to the internal members. Compared to the first model, the family is not directly involved in the decision-making process. It influences all decisions, informally, through advice and guidance to the founding father or their members present on the board. In this model, family and company seem to be separate. However, the leaders of the company and those of the family are strongly linked. Family blood, which is the cement of trust of family members, plays a decisive role in the influence process as a lever of action of the family on the social leaders, whether or not they are family members.

Reading these two models, it is fair to note that they differ in the involvement of the family in the process as well as the number of constituent steps. Indeed, the control phase is not observed in the first model. This can be explained by the fact that the founder is both president and BC at the same time. This is a normal process as the agent and the principal are the same and unique person (the majority shareholder). When the founder is the majority shareholder and CEO or BC, he is involved at all levels of the process, and the control that is supposed to regulate his discretionary power simply no longer makes sense. He is the initiator of the decision, it is he who validates it and then implements it. The fourth stage, which is control here, no longer makes sense given the accumulation of functions or the confusion of the utility functions of the agent and the principal.
5. DISCUSSION

Compared to the decision-making model defined by Fama (1980) and Fama and Jensen (1983), this article shows that the decision-making process within FBs is distinguished either by its size (short process) or by the level of family involvement. Indeed, in addition to the traditional actors, namely the management team and the BoD, there is also the family, and more precisely, the nuclear family of the founding shareholder. It influences strategic decision-making either directly when its members occupy decision-making and/or control positions, or indirectly in the opposite case. This empirical result corroborates Basly’s (2007) theoretical study in the Tunisian context. The highlighting of the interactions between the different actors involved, as well as the highlighting of the power game, thus supports the idea of political behaviour in the strategic decision-making process of Child et al. (2010) and Elbanna (2018). In light of the notion of socio-emotional capital developed by Gómez-Mejía et al. (2007), the African experience confirms this theory. Indeed, the domination of the decision-making process by the founder or majority shareholder can be explained by the latter’s desire to preserve his authority, since sharing decision-making power among several actors would be a way for him to lose his intimacy and that of his family. We also agree with the authors (Melin & Nordqvist, 2000; Schulze et al., 2001; Chen & Hsu, 2009; Chrisman, Chua, Pearson, & Barnett, 2012; Mendy & Diop, 2018) for whom the BoD in family firms is just a facade; the real decisions are taken elsewhere and only by the founding family. More specifically BoD, the decision-making process is at least partially different from that observed in the Western context. Indeed, despite the willingness to migrate towards modernity, African businesses remain under the yoke of tradition, especially when it comes to strategic issues. They may open up to routine, short-term activities. On the other hand, the principle of conservation is essential when defining strategy, recruiting an executive, launching a new product. It is at this level that family authority is exercised, and the principle of family continuity is emphasized.

6. CONCLUSION

This research work has allowed us to clear the field of investigation on the strategic decision-making process within the FBs in Cameroon and to produce the first results. These results fill the void regarding the direct relationship between the family dimension and decision-making within the FBs (Arregle & Marri, 2010). This relationship had not previously been elucidated from an African perspective. His scientific contribution is to show that despite the modern status of the so-called large Cameroonian FBs, strategic decision-making remains traditional; the person of the majority shareholder or founder still holds the bulk of decision-making powers.

The results obtained allow us to affirm that within the FBs, the strategic decision-making process involves several actors including the president, the BoD, and the shareholder family. However, this process is dominated by the founder, whether or not he holds the position of president or BC. The exercise of power by the other actors depends on his or her own will or that of his or her nuclear family. Long considered rightly or wrongly to be managed in a traditional manner, without taking into account modern governance mechanisms, these results still prove the traditional management of African FBs. In spite of the legal status of some of them (PLC), FBs still find it difficult to fit into the mold of modern governance. As a result, business owners need to further streamline their strategic decision-making process. The days when the founder is the only “master on board” are over, room must be given to each actor to play his role effectively and efficiently, without any pressure or let-alone constraint. There must be a shift from informal structures such as the family council, which supplant formal and legitimate decision-making bodies, to the institutionalization of all stakeholders who must intervene in the process. To justify and legitimize their presence, each of these stakeholders must hold power, whether legitimate, symbolic, coercive, or normative, to justify and legitimize their presence. The family council can, for example, formally become a “mission council” where the members are chosen not because they share blood ties with the founder, but for their expertise, their technicality, their skills specific to the company’s field of activity, or for the critical or symbolic resources they hold that are likely to be shared and contributed to the company’s prowess. In addition, the family’s involvement in the company must be formal. Trafficking in influence, pressure from family members, external to the company, should no longer be commonplace within FBs, as they supplant real power and undermine the vision, audacity, and sometimes the creativity and initiative capacity of the formal and legitimate players. It is therefore up to the founding owners of the company, the State, or the employers’ organizations to set up a code of governance specific to FBs.

Beyond the limits inherent in any qualitative research, this study has encompassed all types of strategic decisions. It would be more beneficial to redo it by considering only one type of decision (financing decisions, for example), as the process might not be the same. Another avenue for future research could be to highlight the determinants of the decision-making process within the FBs in order to better understand it.

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