THE MANAGERIAL ENTRENCHMENT: THE PARADOX OF LAW AND ACTS IN STATE-OWNED ENTERPRISES IN CAMEROON

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Abstract

In Cameroon's state-owned enterprises (SOEs), a number of managers have succeeded in maintaining their positions as the head of the corporation, paradoxically with disappointing results. Based on this unorthodox practice, this study strives to understand and explain the strategic levers used by these managers to maintain their positions at the top of the company, based on 12 cases in SOEs. The results corroborate existing knowledge and make it possible to identify the singular contingencies in the instrumentalization and instrumentation practices of governance bodies and structures that enable manager entrenchment.

Keywords: Governance, State-Owned Enterprise, Entrenchment, Manager, Cameroon

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1. INTRODUCTION

State-owned enterprises (SOEs) in Cameroon are the subject of much criticism regarding the term of office of their corporate officers. The structure and operation of these firms are governed by a law enacted in 1999 and revised in 2017[1]. This law specifies that "the general manager, and if necessary, the deputy general manager, are appointed (...) for a term of three (3) years renewable two (2) times"; i.e., a maximum term of nine (9) years. In practice, however, several general managers have violated this law without, paradoxically, worrying about the multitude of control structures and institutions. In the case of SOEs such as National Hydrocarbons Company (*Société Nationale des Hydrocarbures*, SNH), whose Chief Executive Officer (CEO) has been in office for 28 years, Cameroon Press and Publishing Company (*La Société de Presse et d'Éditions du Cameroun*, SOPECAM) — for 20 years, Cameroon Real Estate Company (*Société immobilière du Cameroun*, SIC) — for 16 years, National Investments Company (*Société Nationale d'Investissement*, SNI) — for 19 years, etc., are striking examples of the staying power of managers in positions beyond the legal limit.

We can, therefore, legitimately assume that the managers considered opportunistic here have either maneuvered in such a way as to make their replacement costly for all stakeholders or created relational networks that allow them to be implicitly appointed each time. This is the phenomenon of entrenchment as described by Shleifer and Vishny (1989), and Paquerot (1996). This theory presupposes the potential inability of control mechanisms to

[1] Law No. 99/016 of December 22, 1999, on the general status of public institutions and public and semi-public sector enterprises in Cameroon is now a thing of the past. Since July 12, 2017, two new laws have been in force to govern SOEs in Cameroon, Act No. 2017/010 on the general status of public establishments and Act No. 2017/011 of July 12, 2017, on the general status of state-owned enterprises.

compel managers to manage the company in accordance with the interests of capital holders (Alexandre & Paquerot, 2000). Thus, this article defends the idea that, in SOEs, managers exploit the multitude of supervisory bodies and institutions, the dysfunctions and ineffectiveness of control mechanisms to remove themselves from the supervision of the board of directors (BoD) and become entrenched. In addition, the entrenchment strategies used have an impact on the opportunistic behaviour of the CEOs of these companies. The purpose of this article is therefore to understand and explain the entrenchment strategies of managers in the case of Cameroon's SOEs, and to highlight their impact on the behavior of these public officials. To achieve this, we opted for qualitative research using the casuistic method, centered on a study of 12 cases.

From this perspective, the rest of the article is organized as follows. Section 2 reviews the literature. Section 3 provides the research methodology. Section 4 presents the results. Section 5 discusses the research results. Section 6 concludes the article.

2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

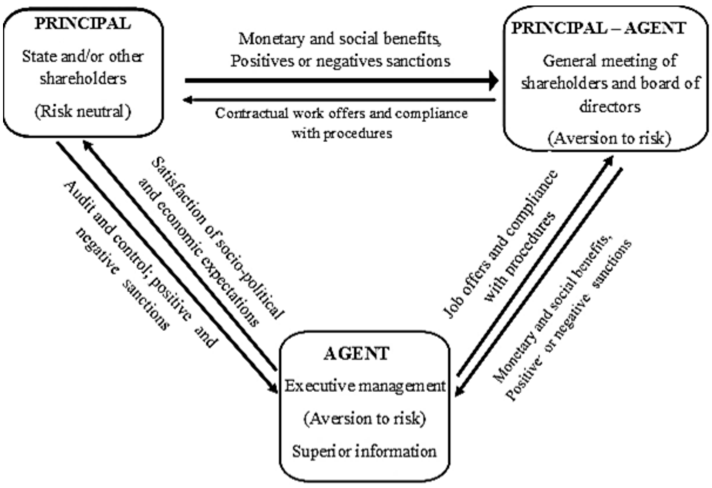
Since the subject of this study is the manager of an SOE, we felt it necessary to take stock of the governance measures for this type of undertaking in Cameroon before reviewing the literature on the different currents of thought that have legitimized research and debate on entrenchment and its effects.

2.1. Current state of governance in Cameroon's state-owned enterprises

One of the purposes of governance is to avoid deviant behaviour in organizations. According to Charreaux (1997), corporate governance is "the set of organizational mechanisms that have the effect of delimiting the powers and influencing managers' decisions, in other words, that 'govern' their conduct and define their discretionary space" (p. 1). Feudjo (2010) defines it as "a range of norms aimed at homogenizing the useful functions of managers and shareholders" (p. 147). For this author, it is a "set of mechanisms for allocating, exercising and controlling power in organizations". The objective of the governance system here is to put in place a number of mechanisms to discipline the manager and reduce their discretionary space in order to secure the financial investment of shareholders.

The concept of governance takes on broader dimensions in the case of SOEs, by focusing attention on how the government, parliament, boards of directors, and the management of the companies concerned are linked (Boujenoui et al., 2004). Indeed, SOEs are characterized by overlapping agency relationships (ministerial oversight, general meetings of shareholders, supervisory bodies, etc.), which generate information asymmetries at their own level. The agency relationships in SOEs are summarized below in Figure 1.

Figure 1. Agency relationships in state-owned enterprises



This overlapping of agency relationships, therefore, reduces the agent's incentives to enhance the value of the resources under his delegated management. This is compounded by numerous dysfunctions and cracks in the institutional framework due to the multiple conflicts of interest that these multiple levels of control generate. Indeed, the boards of directors for Cameroonian SOEs have many flaws in their composition and functioning. These include:

- A multitude of control structures (technical and financial oversight, Supreme State Audit Office (*Contrôle Supérieur de l'Etat*, CONSUPE), Chamber of Accounts, and other branches of the state, etc.).
- Structuring the BoD as a logical representation of the administration. In fact, the director of the SOE in Cameroon is not liable in any way, insofar as he represents his administration, and thus does not assume any risk related to the performance of the board.
- The appointment of the CEO, deputy CEO, and Chair of the Board (COB) or heads of divisions among senior officials of the central administration, or among a lineage of men whose decisions commit the company and are an extension of the sometime incoherent policy of the state.
- The violation of laws and regulations with respect to the term of office of corporate officers

and the regime of incompatibilities in the functions of CEO, COB.

These different flaws are the source of many dysfunctions observed in public companies in Cameroon. In fact:

- The agent at the top of the hierarchy is called on to sit on the BoD of a large number of entities, which he does not necessarily have the time to do satisfactorily.
- Except in exceptional cases, there is nothing in terms of compensation or career development to sanction or reward this participation on the BoD.
- Finally, as soon as he changes position (after 2–3 years on average), he completes his term, whereas the duration of a term in the private sector is usually longer to allow the director to acquire good knowledge of the company.

Furthermore, the appointment of a representative of the "technical" administration in charge of a sector is more likely to raise questions of conflict of interest because, on one hand, that administration may want the undertaking to carry out objectives it is pursuing even if they are contrary to the interests of the latter, and, on the other, there may be a distortion of competition *vis-à-vis* other companies in the sector.

With regard to the conditions for appointment, it should be noted that in a number of cases, the decision-making circuit does not call for the BoD to intervene before the choice is made, which removes a great deal of weight from the committee. While the BoD will formally propose a candidate for the company's CEO, in fact, "the die is already cast" and this is a mere formality. This practice poses real governance problems. Consequently, the CEO will tend to think that his legitimacy is in no way derived from the board and view his passage before the board as a formality, and overlook it in favour of direct relationships with the public authorities. This practice is mostly reserved for managers of semi-public companies and other companies wholly owned by the state.

A symbiosis between the boards and management of these companies is far from being achieved. Directors are not shareholders of the company, they only have partial information on the company provided by the manager, and they are appointed by the public authorities, which increases their dependence on those who appoint them (especially since they do not have the possibility to dismiss the management team).

Overall, a review of the governance framework for SOEs in Cameroon shows that a "rational" framework exists, but remains largely disregarded and paves the way for illegitimate behaviours and strategies such as entrenchment.

2.2. The entrenched manager: A theoretical overview

Shleifer and Vishny (1989) are considered the pioneers of this theory. They define entrenchment as a technique used by the manager to make his replacement costly for shareholders and to oust potential competitors. It is also a strategy developed by the manager to make himself indispensable (Pigé, 1998), or to free himself from the BoD' control to reduce his risk of dismissal and increase his discretionary power (Paquerot, 1996; Pichard-Stamford, 2000). The entrenchment theory is based on the premise of the active behaviour of a manager whose objective is to annihilate or weaken the control mechanisms put in place by the shareholders or stakeholders (Allouche & Amann, 2002). With regard to a public undertaking, entrenchment is considered as "the manifestation of a manager's opportunism who succeeds in making his replacement difficult by using the characteristics of the company's organizational structure, its BoD, his relational networks (formal or informal) and his specific skills" (Lagmango, 2016, p. 298). As such, entrenchment strategies challenge the effectiveness of control mechanisms for managerial latitude (Pochet, 1998).

Various entrenchment strategies are implemented by managers to counter disciplinary measures put in place by shareholders. In the context of governance for SOEs, the following strategies are retained: the neutralization of control bodies (BoD and auditors), the relational networks, the signing of implicit agreements, and organizational slack.

2.2.1. Neutralization of control bodies

To ensure his entrenchment, the manager has an interest in influencing the control bodies that are in charge of monitoring his management. The BoD remains the ultimate control body that can be manipulated by the manager (Pichard-Stamford, 2000). This includes influencing the BoD through member selection, especially by selecting complicit directors, building inter-board links, or through cross-participation.

Due to their strategic position, managers have the potential to appoint people to the board who will not be totally impartial towards them, especially if they owe their managership positions to them. In Cameroon, the method by which directors are appointed is not neutral. Directors are generally representatives of various branches of government. In general, managers, who are often accused of influencing the appointment of directors to establish their dominance over the board (Westphal & Zajac, 1995), try to promote the presence of loyal directors and remove those who might challenge them (Pichard-Stamford, 2000). Moreover, to control the power of the board, the manager can exert influence over board members, since he selects directors who share certain specific characteristics, who will be able to support his policy and validate his decisions. The manager who is concerned about his entrenchment is in favour of director turnover. When it is low, the directors' experience is greater, information asymmetry with the manager is lower, and the board's effectiveness is reinforced.

Cross-participation on boards is also an excellent way to paralyze the critical thinking of boards. Within the meaning of Degenne and Forsé (1994), inter-board links exist when a particular individual sits on two or more boards[2]. In practice, it is often the case that reputable managers tend to be chosen

[2] Social network theory suggests that interactions between actors are a means of exchanging information, creating an environment that generates opportunities and constraints on their actions (Wasserman & Faust, 1994). This theory views social relationships in terms of nodes and links. Nodes are the social actors in the network, and links are the relationships between the actors. Actors are described in terms of their relationships, not in terms of their roles. When a director sits on two boards simultaneously, a relationship is created between the two entities.

as directors of other companies (Carminatti-Marchand, 1999); this creates rather complex interlocking relationships in which the managers of certain companies happen to be the directors of other companies where their directors are managers and vice versa. This situation generates a real economy of exchange between managers and directors in which "some are beholden to others" (Pichard-Stamford, 2000).

Mizruchi (1983) notes that "corporate managers who serve as outside directors on the boards of other firms are full-time employees of their own firm. The level of commitment and expertise required to monitor another firm's executive can be prohibitive. Moreover, having been recruited by someone who may be a friend, there is little incentive to ask tough questions or provoke confrontation" (p. 428). In this vein, if the manager dominates the board selection process, and if the manager chooses members who are sympathetic to him, then there may be an opportunity for the executive to retain the position beyond the statutory limit. This allows the manager to become entrenched since he knows that he is free of the control exercised by his BoD (El Aoudi, 2001). As a result, interconnections may be representative of elite friendships (Vigliano, 2007). In Cameroon, the board members in SOEs belong in the vast majority of cases to the same political class. On this basis, interconnections between governing bodies can create alliances and power networks that could benefit the manager and allow him to become entrenched.

2.2.2. Relational networks

The social interlocking of managers can also be viewed as an entrenchment strategy. This idea is in line with that of Charreaux (2003), who postulates that social networks are "considered as a vector of entrenchment of managers and therefore a factor of reduced performance" (p. 48). Getting back to the social network, within the meaning of Castilla et al. (2000), it is a set of nodes or actors linked by social relationships or specific ties. Managers with such ties enjoy job protection when they are surrounded by directors affiliated with the same network. This advantage translates into a lower risk of dismissal in case of poor performance. It is more difficult for the board to take retaliatory measures against a manager who is deeply embedded in the business community, as this would damage the company's reputation (Walsh & Seward, 1990). The manager can thus use these external resources to influence the board or to mitigate control over the board by making it more difficult. The integration of entrenchment contributions offers a better understanding of the role networks play in the appointment or renewal process of corporate officers for SOEs in Cameroon. In fact, CEOs who are embedded in networks have the opportunity to influence the appointment or renewal process of governing bodies. In addition, the strong relationships that may exist with influential agents in the economy or the state are an important source of income for managers; they also offer interesting opportunities for entrenchment (Paquerot, 1996). They allow managers to enhance their human capital and increase their value in the job market.

2.2.3. Entrenchment through the use of implicit agreements and organizational slack

Neutralization of the control system also involves oversight by the rest of the senior management (Zenou, 2004). It takes the form of implicit or explicit promises of benefits in kind or salary, career development, and job security (Charreaux, 1997; Pochet, 1998). As their name indicates, "these are agreements that do not take legal form but which bind the parties with respect to their respective behaviours" (Milgrom & Roberts, 1992, p. 127). Managers have a great deal of freedom regarding the structure of the company's contracts with employees, suppliers, and consumers. They have the potential to use their strategic position in the company to establish contracts with various partners, especially employees, which enables them to increase their entrenchment within the company (Paquerot, 1996). In this case, they can use implicit contracts to rally some actors to "their own cause" and thus avoid certain checks and balances. The manager must first elect to build relationships with the best-performing employees, those who produce more than they cost the company (Shleifer & Vishny, 1989).

Managers may promise promotions to certain employees or fringe benefits if they defend their continued employment with the company. The promise of a promotion or salary increase made to executives or employees is intended to gain their support in the event of a conflict with shareholders. If the contracts between managers and these employees are implicit, then employees may perceive that their compensation is contingent on the continuity of the current management team. This often leads to an increase in the size of the firm and the number of reporting levels. Employees will have an interest in the manager not being replaced, and may even work to keep him in the organization to gain the most from their implicit contracts. Compliance with these contracts strengthens the manager's commitment to the firm, as the employees covered by these agreements remain loyal to him.

Organizational slack can also be used by managers to develop entrenchment strategies. It can be defined as a surplus of resources that allows the organization to adapt to changes in its environment and in particular to changes in its core business (Merino et al., 2010). In this vision of the organization, resources are allocated under the dual constraints of satisfying individuals and achieving objectives acceptable to all. In this sense, Williamson (1975) concludes that the best way for managers to achieve both their personal and organizational objectives is to put them in a slack-friendly environment.

In summary, managers seem to take advantage of the limitations and ineffectiveness of internal and external control mechanisms to become entrenched in the company. After presenting the theoretical framework of this study, it is important to explain how these different entrenchment strategies influence the behaviour of corporate officers in SOEs in Cameroon.

3. RESEARCH METHODOLOGY

3.1. Presentation of the research strategy and sample

Among the epistemological paradigms in management sciences, we have opted for the interpretivist paradigm. This paradigm aims to understand social reality through the interpretations of the actors and to explain the meaning that actors give to social actions (Boland, 1991). We consider that entrenchment, born of interaction between individuals, cannot be fully understood without an understanding of the institutional framework, context, and actors.

This epistemological trend has led us to adopt an exploratory approach centered on the casuistic method, conducted within twelve firms with public and para-public capital. As stated by Hlady-Rispal and Jouisson-Laffitte (2015) and Wacheux (1996), this research strategy will allow us to analyze in depth the different behaviours developed by managers and to ensure the internal validity of the research.

This study seeks to explain and understand rather than test behaviours, representations, and practices. In particular, we seek to collect and analyze the speeches of managers and directors of SOEs in Cameroon on their perceptions of the effects of multiple terms of corporate officers.

The cases selected present a set of common features, ensuring the comparison and production of similar results. Keep in mind that the case studies are based on theoretical sampling. The 12 cases selected are thus not representative of a statistical population, but the subject of the study. Table 1 presents the characteristics of the 12 companies selected.

Table 1. Presentation of the selected sample

Case	*CEO function*	*CEO region of origin*	*CEO longevity*	*COB characteristics*
Aerial Agricultural Processing Unit (*Unité de traitements agricoles par voie aérienne*, UTAVA)	Senior official	North West	33 years in office	Senior official
Cotton Development Corporation (*Société de développement du coton*, SODECOTON)	Senior official	Extreme North	29 years replaced	Senior official (Governor of the North region)
National Hydrocarbons Company (*Société Nationale des Hydrocarbures*, SNH)	Senior official	Littoral	28 years in office	Senior official (Minister, Secretary General of the Office of the President of the Republic)
Hydrocarbons Prices Stabilization Fund (HPSF)	Senior official	North	25 years replaced	Senior official (Minister of Trade)
Cameroon Press and Publishing Company (*La Société de Presse et d'Éditions du Cameroun*, SOPECAM)	Senior official	Centre	20 years in office	Senior official (Deputy Director of the Civil Cabinet of the President of the Republic)
National Investments Company (*Société Nationale d'Investissement*, SNI)	Senior official	North	19 years in office	Senior official (Minister of Trade)
Cameroon Shipyard and Industrial Engineering Ltd (CNIC)	Senior official	West	17 years replaced	Senior official
Cameroon Petroleum Depot Company (SCDP)	Senior official	South	15 years replaced	Senior official Board member of SONARA
Cameroon Radio and Television (CRTV)	Senior official	South Ex-CEO (1988–2005) Ex-CEO (2005–2016)	17 years replaced 11 years replaced	Senior official (Minister of Communication)
National Social Insurance Fund (*Caisse Nationale de Prévoyance Sociale*, CNPS)	Senior official	South Ex-CEO (1983–1999) Current CEO (2008–to date)	16 years replaced 14 years in office	Senior official (Minister of Communication) Senior official State Inspector and General Coordinator of State Oversight
Electricity Development Corporation (EDC)	Senior official	South	13 years in office	Senior official
National Refinery Company (SONARA)	Senior official	Centre	11 years replaced	Senior official

At a glance, this table shows the gap between the law and its actual application in the field. This reflects the inadequacies and inefficiency of the actors involved in the process of appointing and monitoring the corporate officers of these companies.

This highlights some elements of analysis:

- CEO and COB are senior officials in Cameroon's SOEs. They belong to the same political party.
- The combined function of COB and the presence of directors from several departments is a vehicle for the opportunistic entrenchment of the CEO. The executive has taken advantage of the heterogeneity of the directors' functions to become entrenched. This raises the issue of the effectiveness of this board and the behaviour of the various players in this company's management and control process.

The behaviour of the corporate officers of these companies follows the assumptions of the property rights theory. Neither the CEO, the COB, nor the other directors are residual creditors. The majority (or almost all) of these directors are civil servants and therefore bear no risk in the company. They are driven solely by the benefits they can derive from their position or function.

3.2. Data collection and processing method

The main data collection tools used:

Literature review: In our study, the literature review is derived from media (newspapers, magazines, books, etc.), the annual reports of CONSUPE and the Chamber of Accounts, laws, and regulations. The documents provided us with an overview of the regulatory framework for the management and control of SOEs in Cameroon, the behaviour of corporate agents, etc.

Interviews: We used semi-directed interviews as a data collection tool. To do so, we used a three-part interview guide:

- The first part, the introduction, presents the investigator, the purpose of the research, and the practical arrangements for conducting the interview. This phase is necessary to establish contact and to reassure the interviewer of the confidential nature of the interview.
- The second part is reserved to record the profile of the respondent (career, education) and the company. The merit of this phase is to clarify the interviewee's ability to answer the questions.
- The third, structured around the perception of the duration of the terms for managers and directors in SOEs in Cameroon, addressed three sub-themes: reading of term overrun, opinion on the qualities and capacities of the BoD, and the impact of this term overrun on company performance.

Table 2 shows the various documents used. These are produced at different periods corresponding to audited fiscal years. The period covered by the study ranges from 1999 (when the first scandals on the deviant behaviour of corporate officers in Cameroon's SOEs were recorded) to the present day.

Table 2. Business documents per company

Case	*CEO's period of activity*	*Audited budget years leading to the production of the documents used*	*Documents used*
UTAVA	Since 1989	2004–2006	Chamber of Accounts report; Dailies: Cameroon Tribune, Le Jour, The Spark., etc.
SODECOTON	1984–2013	2005 to 2010	CONSUPE report; Extracts of BoD resolutions; Dailies: La Météo, Cameroun Tribune, Le Droit, etc.
SNH	Since 1993	2012–2015 2017	BoD report; Auditor's report; Dailies: Cameroon Tribune, Le Jour, The Spark, etc.
CSPH	1988–2013	2013	Dailies: Cameroon Tribune, Le Jour, The Spark, etc.
SOPECAM	Since 2002	2003–2004 2012–2013	Chamber of Accounts report, CONSUPE report; Dailies: Cameroon Tribune, Le Jour, The Spark, etc.
SNI	Since 2003	2015–2016	Technical Commission for Rehabilitation of public and para-public companies (*Commission Technique de Réhabilitation*, CTR) report; Dailies: Actu Cameroun, AC News, Investir au Cameroun, etc.
CNIC	1990–2008	2003 to 2006	CONSUPE report; Dailies: Cameroon Tribune, Le Jour, The Spark, etc.
SCDP	1994–2009	2005–2007	CONSUPE report; Chamber of Accounts report; Dailies: Cameroon Tribune, Le Jour
CRTV	1988–2005	2004–2006	CONSUPE report; Newspaper clippings: Cameroon Tribune, Le Jour, The Spark, etc.
CNPS	1983–1999	1990–1999	CONSUPE report; Dailies: Cameroon Tribune, Le Jour, The Spark, etc.
EDC	Since 2009	2015–2016	CONSUPE report; Dailies: Eco Matin, Actu Cameroun, Cameroun Tribune, etc.
SONARA	2002–2013	2007–2010	CONSUPE report; Newspaper clippings: Cameroon Tribune, Le Jour, Journal du Cameroun, etc.

The data analysis used a variety of tools, most of which were recommended by Miles and Huberman (2003): interview summary sheets, data coding, writing and validation of research reports, matrices, and summary tables. The analysis of our cases, compared to the existing literature, enabled us to identify certain irregularities and provide some answers to the objective of this article.

4. RESULTS

The results obtained cover two points: The first identifies the different entrenchment strategies used by managers of SOEs in Cameroon while the second establishes the effect of these strategies on the behaviour of these corporate officers.

4.1. The entrenchment strategies of managers in Cameroon's state-owned enterprises

The intra-case analysis of the different companies selected in this study shows that, at the level of the organizational structure, these companies have:

- A technical oversight department that is a member of the board and also ensures direct management control, at times with a right of veto. It is even often the COB;
- Financial supervision, the Ministry of Finance, which is also represented on the board;
- Along with this very restrictive control system, domestic or foreign funding agencies (CONSUPE, Chamber of Accounts, World Bank, IMF, AfDB, etc.) also exercise other forms of control.

In addition, the BoD of these companies of directors presents many paradoxes in law enforcement. These include:

- The longevity of the COB, or other directors, beyond the legal limit of their term;
- Combining the function of COB and member of Government[3];
- Directors who happen to be CEOs in other SOEs or even COBs and vice-versa;
- Directors of the various branches of the state (a member of the services tied to the Presidency of the Republic, other ministers tied to the company's business).

These directors are therefore appointed by presidential decree or co-chosen, in other words, they are chosen by those who issued and legislated Law No. 2017/011. One wonders about the non-observance of the recommendations and provisions of this legal mechanism. The entrenchment of the manager in Cameroon's SOEs would be a consequence of the dysfunction of the institutional framework and the appointment process. The manager has taken advantage of these cracks to develop strategies that enable him to renew his term each time beyond the regulatory framework.

In this case, the manager develops strategies that allow him to neutralize the power of the disciplinary bodies, especially the BoD and the auditors, and appropriate the support of certain strategic actors (senior executives, suppliers, and others). The reading of the different cases highlights the following striking facts:

- Excessive monthly allowances and in-kind benefits granted to COBs, and transfer allowances granted to the members of the BoD beyond the maximums;
- Interference of the CEO in areas exclusive to the BoD;
- Violation of the incompatibility regime in exercising the profession of auditor;
- Promotion of certain staff members in violation of the collective agreements in force;
- Absence of formal mechanisms for the development of budget forecasts;
- Lack of clarity, transparency, and a budget monitoring system;
- Contract splitting and violation of public procedures.

These are opportunistic acts implemented by the manager to ensure the support of his controllers (directors, auditors, employees, etc.). By granting excessive benefits to the directors, the manager was able to neutralize the control and all the control bodies. The BoD regularly approved his management and renewed its confidence in him beyond the statutory limit (entrenchment). In the same way, the implicit contracts signed with the auditors, salaried executives, and suppliers are strategies for rallying certain actors to their "own cause", thus avoiding certain control mechanisms. This way, the CEO secures his position since these actors will ensure that the implicit contracts are properly executed. These entrenchment strategies allow the CEO to weaken the sanctioning power of executives and ensure the complicity of strategic actors.

We also noted that all of the CEOs we examined have the technical and operational skills required to manage the sector and the company's business. They hold at least one diploma of higher education and enjoy a certain legitimacy in their position. These CEOs have already held management positions in SOEs and have also been senior civil servants in public administration. Thus, the entrenchment of the CEO is also due to this legitimacy. An opportunist, the CEO will develop investments in assets specific to his expertise in order to enhance his value in the eyes of active stakeholders and increase the cost of his replacement.

The comparison of intra-case and inter-case analyses with existing works (Alexandre & Paquerot, 2000; Paquerot, 1996; Pichard-Stamfor, 2000; Pigé, 1998; Pochet, 1998; Shleifer & Vishny, 1989) has made it possible to identify the various methods used by CEOs to hold on to their positions. We have thus specified a few tools that are conducive to managerial activism in the particular context of SOEs in Cameroon:

- The multiplicity of control and supervisory structures in SOEs;
- The characteristics of the BoD, which present flaws in terms of the selection and appointment of directors, their quality, and functions;
- The directors' networks (networks that are created within political parties, in the upper echelons of the administration, in family or initiation circles, or those developed while attending an elite school);
- The CEO's specific skills, which allow him to develop idiosyncratic investments that make it difficult to replace him;
- Social networks and implicit contracts with employees and certain actors in the control process (auditors, the COB, and other influential figures in senior management).

We conclude that entrenchment is made possible by the opportunistic impulse of the manager, who has taken advantage of favourable circumstances to neutralize the mechanisms in place to control his power. Lastly, based on the different tools of entrenchment identified here, we can propose a definition of the entrenched CEO, as "the manifestation of the manager's opportunism, who succeeds in making his replacement difficult by using the characteristics of the agency's organizational structure, its BoD, his relational networks (formal and informal) and his specific skills" (Lagmango, 2016, p. 298).

4.2. The challenges of manager longevity in Cameroon's state-owned enterprises

An analysis of the level of compensation and benefits received by the various entrenched CEOs in our sample shows that longevity in office has been accompanied by abusive deductions for them and all actors in the control process. In fact, the documentary analysis reports from Chamber of Accounts and CONSUPE showed that the CEOs and directors of the SOEs studied do not respect the regulatory thresholds for the allocation of benefits and other compensation. The 1978 and 1987 decrees

[3] Which constitutes another violation of Law No. 99/016.

harmonizing the rates of allowances allocated to the CEOs of SOEs set the ceilings for monthly allowances for CEOs and session fees for directors at 150,000 and 75,000 CFA francs, respectively. However, both bodies that control the management of SOEs have shown that the COBs in our sample receive a monthly allowance ranging from 500,000 to 5,000,000 CFA francs. In some cases, sessional allowances are 5,000,000 and 3,500,000 CFA francs, respectively, for the COB and other directors. In addition to this monthly income, COBs are offered other benefits not specifically listed in the regulations, such as housing allowances, even when they hold positions in the administration that entitle them to these allowances[4].

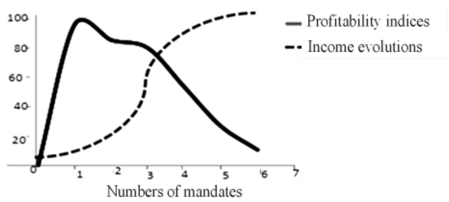
In short, we find ourselves in a situation of obvious organizational deviance in which control, or the BoD, is held by the executive (the head of the company). The objective of all these maneuvers is opportunistic entrenchment. The evidence is that the BoD has always granted its "management clearance" to all these entrenched CEOs who have been incriminated by the CDC or CONSUPE over several years (from 3 to 17 years) for mismanagement, misappropriation of public assets and the destruction and/or falsification of evidence. The passivity of directors and their ineffectiveness in the face of the fraudulent actions of many unscrupulous managers is well proven today in Cameroon.

The immediate consequence of all these illegitimate advantages and privileges granted to directors is the increase in the manager's managerial latitude. As such, we believe, following Paquerot (1996) and Pigé (1998) that the neutralization of control mechanisms is an entrenchment strategy used to expropriate shareholder value".

Following the work on the life cycle of the manager (Paquerot, 1996), which was validated by Feudjo (2006) in the context of this study, the results show that the entrenchment of the manager is the result of a process that begins as soon as he is appointed and then develops with the increase in the financial performance of the firm and the confidence acquired from the shareholders. These elements allow the executive to materialize his opportunistic tendencies to the detriment of the shareholders' interests. We, therefore, believe that the renewal of the mandate of the CEO of public companies in Cameroon follows this logic. Moreover, the documentary analysis and statistical data show that the performance of these firms decreases with the longevity in the office of their corporate officers. On the other hand, compensation levels increase with the time spent in the office. As a result, we found that the longer the CEO stays in the position, the higher his compensation, and the less the company performs.

Figure 2 puts into perspective the optimal duration of a CEO.

Figure 2. Profitability profile and the manager's term



5. DISCUSSION OF THE RESULTS

The results of this study confirm the work of Pigé (1998), who considers that a threshold of entrenchment exists above which the accumulation of terms becomes detrimental and below which it is not. Figure 2 places this threshold at three (3) terms, as shown. At the beginning of their mandate, managers are inclined to campaign to increase the company's wealth to gain the trust of stakeholders (shareholders, customers, suppliers, banks, etc.). But, as they spend more time with the company, they expand their networks and acquire substantial discretion. This enabled us to conclude that longevity in office in Cameroon was a strategy for tenure in which opportunism and entrenchment were reciprocally correlated. Managers use their tenure to expropriate and divert shareholder wealth for their personal benefit.

Lastly, we believe, following Cressey[5] (1953) on fraud theory that entrenchment strategies are made possible by the confluence of four common traits: pressure, opportunity, hyper-rationality, and mimicry.

1) *CEOs are under pressure:* That satisfies the members of the network that paved the way for their appointment, family pressures, governmental pressures (meeting the multiple objectives of shareholders and the state), societal pressures, etc.

2) *Opportunity:* If these CEOs were able to hold on to their positions and reap private gains, this implies a mindset predisposed to cheating. This is what Jensen and Meckling (1994) formalized as the Resourceful, Evaluative, Maximizing Man (REMM) model. This model considers that individuals are evaluative, insatiable, maximizing, creative, and adaptive. The recognition of individuals' adaptive character allows us to take the active neutralizing behaviours of certain mechanisms into account. This calculating human behaviour is perceptible in the actions of CEOs in Cameroon. The inadequacies of the institutional governance framework for SOEs in Cameroon provide CEOs with a great deal of maneuverability, who take full advantage of this to satisfy their selfish interests.

3) *The hyper-rationality of corporate officers:* That is, their ability to act intentionally, to implement strategies to absorb, and neutralize the control of governance mechanisms.

4) *Mimicry or social comparison:* Applied to issues related to executive compensation decisions, the mimetic process may explain why practices may spread in some countries and beyond their borders

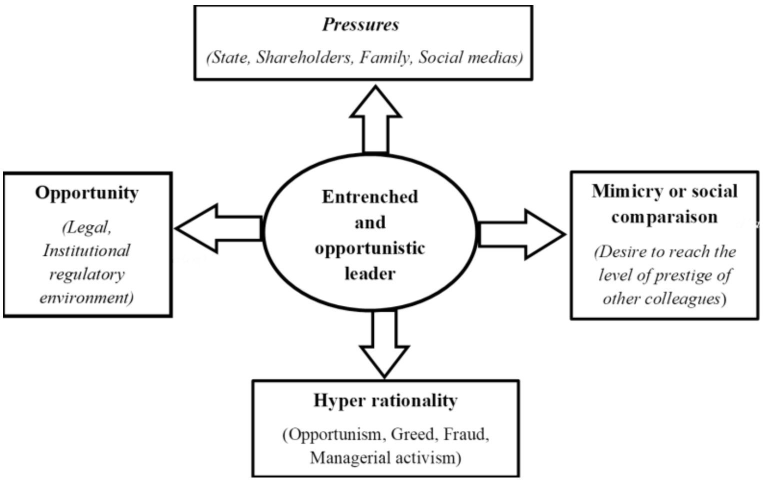
[4] These include the operating costs of private mansions; monthly fuel and telephone allowances; the cost of computer hardware in residences and the renewal of such hardware every three years; all accompanied by proposals to hire at least two people of their choosing; etc.

[5] It is based largely on a series of interviews with individuals who have been found guilty of embezzlement. Cressey (1953) concluded that fraud generally shared three common characteristics. First, the fraudster had the opportunity to carry out the fraud. Second, the individual perceived strong financial pressure. Lastly, the individual engaged in the fraud rationalized his fraudulent act, rendering it consistent with his personal code of ethics. Thus, the risk factors for fraud are pressure, opportunity and rationalization, also known as the fraud triangle.

(Pennings, 1993). In a context marked by a high degree of uncertainty about the relationship between executive compensation and organizational performance, companies tend to observe practices that are considered effective and rely on others (Westphal et al., 2001). Ezzamel and Watson (1998) show that managers can negotiate their compensation by using the compensation of the highest-paid managers in similar firms as a benchmark. In our context, we believe that the increase in the level of compensation of CEOs in SOEs is largely due to the phenomenon of cross-administration. Some directors would not hesitate to allocate compensation amounts to managers that are a function of their own compensation, regardless of the manager's own performance and the area of activity.

The golden square of fraud, and opportunistic behaviour due to CEO entrenchment, is represented in Figure 3.

Figure 3. Opportunistic entrenchment in Cameroon's state-owned enterprises



These elements can be found in the entrenchment strategies of managers in Cameroon's SOEs. To implement his strategy, a manager needs the right context (opportunity made possible by the flaws and weaknesses of the institutional, legal and regulatory system). He is also subject to several pressures (each member of his network wants to be satisfied). He wants to look and act like the others. He is, first and foremost, a potential opportunist, calculating, cunning, driven by a desire to satisfy his personal needs at the expense of the other stakeholders.

6. CONCLUSION

This study has made it possible to explain and understand how the entrenchment of managers in SOEs in Cameroon is manifested. Thus, it emerges from this study that the entrenchment of managers in Cameroon's SOEs is paradoxical with the regulatory framework. There are indeed legal texts that govern the operation and organization of SOEs, but these legal provisions are violated by all actors in the management and control system of these companies. This paradox, illustrated in this case by non-compliance with the law by all stakeholders (holders of executive power and holders of supervisory and control power) sufficiently demonstrates the weakness of the law, in the face of conflicting interests that successfully create a coalition of shared interests in an organization, and the strength of illegality in a context where no stakeholder bears any risk related to the assets in question. This striking paradox in the singular case of SOEs in Cameroon makes it possible to understand that the illegitimacy of the actors in a management and control process can only generate illegitimate acts and behaviour. The consensus or shared coalition of these illegitimate actors is a source of power, also illegitimate, which weakens the power of force, i.e., the law, and strengthens the law of injustice, which is cheating. Holding rights in residual claims would therefore be a determining factor in the level of legitimacy expected of each of the stakeholders involved, de jure or de facto, directly or indirectly, in the management and control process of companies in general. The multiplication or overlapping of supervisory and control structures in this process is seen as a source of strains, new conflicts, and inefficiency, and as a vector for the propagation and facilitation of illegitimate acts and behaviours. In general, this article allows us to understand that there are cracks, dysfunctions, and failures in the regulatory framework for public corporate governance in Cameroon. Rather than contributing to the oversight of these companies, the multitude of control structures hinders their effectiveness instead. This multipolarity of supervisory bodies and institutions multiplies the risk of conflicts of interest within the company. These conflicts weaken the control mechanisms and increase the manager's managerial latitude while offering him the possibility to neutralize the control and supervision mechanisms and to derive, for him and the members of his network, illegitimate advantages from the company's management. Weak institutions and weak systems of public governance are also a key to understanding manager behaviour. The results show that CEO entrenchment is a strategy of illegitimate enjoyment for all actors in the management and control processes of SOEs in Cameroon.

However, this study has some limitations related to the lack of access or refusal of some managers to participate in the interview. In addition, several of the CEOs involved in our research are incarcerated; we were unable to gather their views on our research question. The study does not sufficiently cover the political dimension of choosing and keeping managers in their positions. Given that almost all of these leaders are also militants for the dominant political party which has ruled the country for 40 years, the reasons for their retention in office may well be explained in part by their political loyalty, especially since some of those who are currently in court explain having financed electoral campaigns.

An extension of this study would place greater emphasis on the interactions between tenure and organizational deviations in the public sector using a quantitative approach to see if some variables have a more significant effect than others. Furthermore, it would be interesting to extend our investigation protocol to private companies. This extension would make it possible to carry out comparative studies on the same phenomena and start stability testing the explanatory factors of executive entrenchment.

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