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The Agency-Governance-Disruptions Model for Operational Efficiency, Profitability and Value Delivery: An Application to Private and Public Enterprises in Nigeria

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ABSTRACT

In relating the agency theory to corporate governance and technological disruptions in organizations, this paper examines this tripod through the creation of an agency-governance-disruptions model. The paper relates the model to operational efficiency, profitability and value delivery in selected private and public enterprises in Nigeria. The outcome reveals that the tripod of agency-governance-disruptions, as presented through the model, significantly impacts on operational efficiency, profitability and value delivery of organizations in Nigeria. This is based on applying the model to selected private and public universities in Nigeria, with the findings revealing that the agency-governance-disruptions model has a very significant impact on the efficiency, revenue generation/profitability and value delivery of the private universities, while for public universities, on the other hand, the effects are not so significant.

Keywords: agency theory, corporate governance, technological disruptions, operational efficiency, profitability, value delivery

INTRODUCTION

There are three main concepts involved in the derivation of our agency-governance-disruptions model, and each of these concepts are worthy of description and understanding. This paper presents each of the concepts with the intention of aggregating thoughts about them and taking a position on why they are relevant in our model. The integration of these three concepts in formulating our model is subsequently justified, and the relevance of each, in affecting the fortunes of an organization, is measured through a look at operational efficiency, revenue generation/profitability and value delivery. How our model affects different types of organizations is extracted by applying the model to some selected private and public universities in Nigeria.

The concept of agency theory as presented by Berle and Means (1932), Fama and Jensen (1983a, 1983b); and Jensen and Meckling (1976) is directed at a particular type of organizing problem, called agency problem (Eisenhardt, 1989). Agency theory models the relationship between a principal and an agent, and considers the optimal contract form for the ubiquitous relationship where a principal, delegates work to an agent (Eisenhardt, 1989; Awodun, 2007, 2018). Agency theory is built on the notion that separation of ownership and control potentially leads to self-interested behaviors by the agent. In agency theory, both the principal (i.e., shareholders, who are the owners of the enterprise) and the agent (i.e., managers of the enterprise) are depicted as utility maximizers (Jensen and Meckling, 1976; Fama and Jensen 1983a). The agent's utility function includes power, security, status, and wealth, while the principal's utility function is to maximize the market value of their shares, an ultimately, their wealth (Awodun, 2018).

Corporate governance, on the other hand, is the process that guides the relationship between the company and the stakeholders through the determination and control of the strategic direction and performance of the company (Awodun, 2018). It is the system through which organizations are directed and controlled towards achieving the purpose of their establishment. This structure specifies the distribution of rights and responsibilities among the various corporate participants, including board members, executives, shareholders and other stakeholders, spelling out the rules and procedures for making decisions on corporate affairs (Luo, 2005a). Corporate governance also provides the structure through which the company sets objectives, the strategy for attaining those objectives and the guidelines for monitoring performance (Awodun, 2007).

Governance contributes to the firm's legitimacy and the credibility of its decisions and reporting. In the context of private enterprises, corporate governance is the system that not only monitors the relationship between executives and stakeholders (including shareholders), but also directs its various business units and pinpoints the distribution of power, rights and responsibilities among critical participants in the corporate-level decision-making process that affects the general corporate affairs (Awodun, 2018). For the public enterprises, however, corporate governance monitors the relationship between the managers of such enterprises and the various stakeholders, including the executive arm of government, the legislative arm of government and the citizens (in terms of value delivery).

Technological disruptions are seen as the convergence between new business models, new technologies, and new combinations of existing approaches to create a competitive advantage, such that one business is positioned to take market share away from other businesses through better and improved performance. It affects both private and public enterprises differently, for reasons of structural ownership, management and operational differences, and not for any reason of technical divergence.

Technological disruption represents an increase in the use of machine-driven automation of operational processes and workflows that were previously undertaken, or at the very least, overseen, by humans. The introduction of technology, enables greater operational efficiency and opens up opportunities to create new revenue streams, improve productivity, increase profitability and ultimately, value delivery.

Disruption is all about adaptation to the alternative of using technology to replace what human is doing, and is often discussed through the lens of outmaneuvering an incumbent, or challenging the status quo. It is good to note that many private enterprises are successfully leveraging new technologies to adapt to new markets and evolve their offerings. They often have the resources and are quicker to make larger investments into emerging technologies than their public enterprises compatriots.

Technological disruption has been occurring since people first started trading goods and services, and will continue for as long as we continue to innovate. Disruptions could come from within the organization, which is called internal disruption. At the same time, disruption could be as a result of technological changes from outside the organization, but within the market, which is referred to as external disruption.

The above conceptual clarifications have given credence and understanding to the concepts that make up our agency-governance-disruptions model. In the section that follows, we present a review of literature by digging deeper into the basis of these concepts. Thereafter, we present the model itself, with some further clarifications to the underlying factors that brought about our conceiving it. We also, relate the model to private and public universities, as our representation of private and public enterprises, in our attempt to measure the impact of the model on the three variables of operational efficiency, revenue generation/profitability and value delivery in these enterprises. Our findings and the analysis of these findings are presented next. This is followed by our recommendations and conclusion, in that order, as the final analysis of this paper.

LITERATURE REVIEW

In agency theory literature, the primary agency problems popularly referred to are moral hazard (MH) and averse selection (AS) (Eisenhardt, 1989). MH is a problem resulting from the situation where the principal cannot observe or monitor the agent's actions. Arrow (1985, p. 37) says that the problem here arises when "the agent's action is not directly observable by the principal."

Averse selection (AS), on the other hand, is a problem resulting from the situation where the principal can observe the agent's actions, but cannot assess whether these actions best serve the principal's interests. Arrow (1985, pp. 38-39) opined that the problem, in this situation, arises when "the principal may be able to observe the action itself, but does not know whether it is the most appropriate one."

According to Mitnick (1994), the critical difference between MH and AS is that in MH the principal cannot observe the agent's actions, allowing the agent to take actions that have undesirable consequences for the principal, while in AS, the principal may well be able to observe the agent's actions, but the principal cannot tell whether the agent's actions are optimal with respect to the principal's interests or not (Awodun, 2018). Thus, it is quite conceivable that agency problems could be aggravated if it becomes more difficult for the principal to observe and judge what the agent is actually doing and has done for the principal. Both are predominantly of more concern in public enterprises than in private enterprises for obvious reasons.

Agency theory is considered appropriate to situations that have a principal-agent structure. Specifically, in the case of private enterprises, the headquarters-foreign subsidiary relationship

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in multinational enterprises can be considered a good example of a principal-agent structure, since the headquarters delegates decision-making authorities and responsibilities to foreign subsidiaries (Gupta and Govindarajan, 1991; Nohria and Ghoshal, 1994; Roth and O'Donnell, 1996). Beyond this, the shareholders, who are the owners of the private enterprise, constitute the principal, and delegate authority to the management of the private enterprise, in this situation seen as the agent, to operate the enterprise on their behalf, and in their interest.

The extent of difficulty to which the principal (i.e., the shareholders or the public as the case may be) faces in the observation and verification process could be dependent upon the strategic roles of the agent (i.e., the board and management of the enterprise). Just like in the case of multinational enterprises where the foreign subsidiaries face different levels of agency problems in their relationship with the headquarters depending on the strategic role they are undertaking – i.e., *specialized contributors, local implementers, and world mandates* (Kim et al., 2005), the public enterprises are not different in their exhibition of different levels of agency problems also.

Another critical question often omitted from the discussion on corporate governance is the scale of operations of some major private or public enterprises. The very fact that some large multinational firms, for instance, have annual turnover exceeding the budget expenditure of developed national economies such as Belgium, or Italy in Europe and virtually all African countries, suggests that the scale of coordination and control within a multinational enterprise will be as complex as what exists at the level of co-ordination and control of economic activities within some nation states (Todeva, 2005).

There is the need to examine the significant implicit and common understanding of some concepts that derive mainly from agency theory. Major among these are transaction cost economics and stakeholders' theory.

The agency theory substantiates most of these arguments on efficient governance. Considering that the corporation is a bundle of contracts, the contract between managers and shareholders is not different from the contracts between the other agents involved in the value-adding activities (employees, customers, suppliers). Investors as owners of stock in the stock market capitalism, delegate decision-making powers to agents (managers and independent directors). Ultimately, agency costs rise not only because of opportunistic behavior by managers, but also from the monitoring and control mechanisms put in place by stock-holders (Awodun, 2018). The entire corporate governance system, put in place to protect investors' interest, represent an institutionalization of monitoring and control procedures, raising costs, and diminishing allocative efficiency (Otokiti, 2007) in most cases, particularly in public enterprises.

In mature market economies, where contract enforcement is undertaken by the state, monitoring and control costs are shared between the MNE and state institutions. The costs of corporate governance, however, remain at corporate level, reducing the value-added and the wealth, created by the corporation. For MNEs operating in underdeveloped market economies, risks from opportunistic behaviour at remote locations add additional agency costs that have to be absorbed by the multinational, and hence multiple risk-sharing initiatives are undertaken, all eroding the profits from these international operations.

Hill and Jones (1992) summarise three sources of agency costs from the perspective of agency theory as: (a) principal's monitoring expenditure; (b) agents' bonding expenditure; and (c) residual loss.

CORPORATE GOVERNANCE AS A PRODUCT OF AGENCY THEORY

Corporate governance, the centerpiece of our model, is a product of the agency theory, and it refers to a process of supervision and control over company management, involving a system of external and internal checks and balances that ensures companies discharge their responsibilities in an accountable manner to stakeholders (Tricker, 1984; Cannon, 1994; Parkinson, 1994; Solomon and Solomon, 2004). It is a system/mechanism for allocation of resources, control and co-ordination of economic activities at firm level that facilitates strategic direction, accountability, transparency and wealth creation (Awodun, 2007; Otokiti, 2007).

Components of Corporate Governance

The first component of market-based corporate governance is ownership concentration, which is defined by the number of large-block shareholders (i.e., mutual funds, pension funds and trust funds), as well as by the proportion of shares they own. These institutional owners become increasingly active in their demands that corporations adopt effective governance mechanisms to control managerial decisions (Lorsch, 1989). Ownership concentration by a small number of large-block shareholders can improve governance effectiveness because it strengthens shareholders' power when dealing with management (Mizruchi, 1983).

The higher the degree of ownership concentration, the more likely manager's strategic decisions will mesh with shareholder value maximization (Tihanyi et al., 2003). Moreover, while company stock ownership can encourage wealth-maximization behaviour among managers, Igbal and French (2007) argue that ownership allows entrenchment of managers who own a large enough stake to reduce the possibility of their dismissal. This they referred to as manager-entrenchment hypothesis.

Second, board composition, or the proportion of "inside" directors (executive directors) vs. "outside" (non-executive directors), also has strong implications on corporate governance because the board is essentially the "guardian" of the principal's interest. Thus, many believe that effective boards should be composed of greater proportions of outside directors (Mizruchi, 1983; and Borokhovich et al., 1996) because outside directors can make more exhaustive and profound evaluations of strategic decisions and management behavior than inside directors (Baysinger and Butler, 1985).

Market discipline is a third component of market-based corporate governance; it is an external mechanism that becomes active when a firm's internal controls fail, its performance is poor and/or its management is ineffective. Market discipline may involve replacing incompetent CEOs, other key executives and/or board members, or it can come in the form of a takeover (especially hostile one) by another corporation. Under a hostile stakeholder, both key executives and board members may be replaced by new management and new directors (Fama and Jensen, 1983; Baysinger and Butler, 1985).

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Fourth, board chairmanship involves whether or not a firm's CEO is also the board of directors' chairperson. Where the influence of the CEO is strong on the board, whether as chairperson or not, feelings of loyalty or responsibility towards the CEO may restrict the directors' freedom and independence to make difficult and contrary decisions (Singh and Harianto, 1989).

Fifth, board size is an important factor of market-based corporate governance since there are drawbacks when boards are either too small or too large. There should be some sort of moderation in sizing of board of directors.

Six, management remuneration as a market-based governance mechanism can be either behavior-based or outcome-based (Eisenhardt, 1989). When managerial behaviors are well understood, and evaluated, a behavior-based scheme is generally more appropriate. In such a scenario, the agent receives a fixed wage for taking well-defined actions and penalizes him or her for taking sub-optimal actions.

When managerial behaviors are not well-defined, outcome-based compensation plans that reward the agent's performance instead of actions are preferred. Despite differences in compensation standards across countries, it is generally agreed that (1) executive remuneration should reflect executive responsibilities; (2) remuneration should be reasonable and comparable with market standards; and (3) incentive schemes should be clearly linked to performance benchmarks (Tosi and Gomez-Mejia, 1989; Davis et al., 1997).

A seventh element in market-based corporate governance is a widely-used practice whereby two or more companies exchange board members; this is known as interlocking directorate. However, from the agency cost perspective, interlocking directorate may obstruct decision-making independence and transparency because under-performing managers who maintain good personal ties with their interlocking partners may stay on their jobs (Zajac, 1988). Finally, inbreeding is a practice whereby senior executives join the board after retiring from management. This has its advantages and disadvantages on the organization, but the former seems to outweigh the latter.

Market-based governance mechanisms are considered necessary, but instilling the right culture to support corporate governance is more essential. Culture-based governance, which comprises (1) governance culture and (2) corporate integrity, sets the moral tone for governance and accountability.

Governance culture refers to the statements, visions, slogans, values, role models and social rituals that are unique, to, and used by board members and key executives at both the first and second tiers to engender corporate governance, transparency and accountability.

Corporate Accountability and Transparency

Corporate accountability is the extent to which a company is transparent in its corporate activities and responsive to those it serves. Broadly, corporate accountability consists of (1) financial reporting accountability and (2) strategic decision transparency ("strategic" from the point of view of decisions that have significant effects or implications on the interests of shareholders and other major stakeholders). Accountability is essentially a matter of disclosure, transparency, and of explaining corporate policies and actions to those to whom the company is beholden (Wild, 1994; Shearer, 2002).

A firm should be accountable not only to shareholders, but also to all major stakeholders such as regulators, customers, employees, creditors, suppliers and the local community (Shearer, 2002). A central requirement for corporate accountability is the firm's ability to signal or provide relevant information quickly, accurately and effectively to its shareholders, stakeholders or other principal parties, such as regulators, who motivate and constrain the firm to behave in both the principals' and society's best interests (Awodun, 2018).

Transparency about a company's governance policies is a critical aspect of corporate accountability. As long as investors, shareholders and other stakeholders have clear and accessible information about these policies, the organization is considered transparent.

INNOVATION AND TECHNOLOGICAL DISRUPTIONS

What is seen as technological disruption today is considered as technological advancement at the beginning and the turn of the 20th century. As technological improvements begin to take place with efficiency introduced, as a result of those technological advancement, the obvious potential loss of jobs to machines started to take place, and the perception of man about it all began to change.

Advances in technology due to innovation has significantly cause changes in the ways that production and service provisions and processes are carried out, to the extent that it disrupts the already accepted standards. New ways of doing things, emerging rapidly, has therefore become a race that enterprises have had to embark upon through research and development to be the first, rather than the follower.

Several production processes have witnessed some significant disruptions, that even the firms that are competing in the same sector cannot afford to ignore developments in their industries, if they must remain relevant in their industry. It is with this background that the issue of corporate governance and agency theory is being considered within the reality of the disruptive nature of technological advancement globally.

Changes are taking place now at the speed of light. While a model of a product is being introduced into the market, a new version is already undergoing development to replace the newly introduce model. It is thus, a race that the management and the shareholders cannot but take into consideration in their affairs, as responsibilities are contracted through the reality of the agency theory.

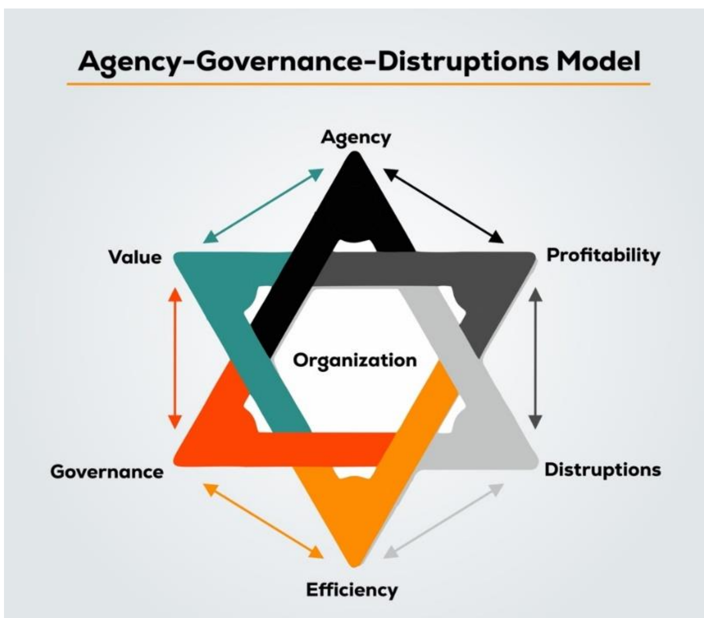
THE AGENCY-GOVERNANCE-DISRUPTIONS MODEL

Following the review of the various concepts that are embedded in the model presented as agency-governance-disruptions, it is essential to integrate these concepts and relate them to operational efficiency, revenue generation/profitability and value delivery. Every organization, be it private or public, desire to operate at some level of efficiency and add value to the society. However, these mechanisms of governance, based on the agency theory, and the disruptive innovations that technology imposes, are not issues that could be taken for granted by any organization, be it private or public.

The agency theory and the agency problems crave for solutions in corporate governance, hence the view that agency theory promotes corporate governance, which is seen as a product of agency theory. However, the disruptive role of technological innovations has come to have some significant effects on the ability of corporate governance to deliver on the expectations of the principal in relation to efficiency, revenue generation/profitability and value delivery.

We examine the effects of this tripod on the anticipated outcomes of firms, as we relate them to different types of enterprises, private and public alike, in Nigeria, by narrowing our gage to the universities as our representation of private and public enterprises.

In model 1 below, the relation and relevance of agency theory and corporate governance are shown in the value delivery capacities of the enterprises, while the impact of the combination of corporate governance and disruptions through technological innovations is shown through operational efficiencies indices of the enterprises. On a final analysis, the effect of both agency theory and technological disruptions is measured by our model on the revenue generation/profitability index of the enterprises.



Model 1: Agency-governance-disruptions model for operational efficiency, profitability and value delivery

Put succinctly, agency theory and corporate governance, as put forward by this model, are the basis of value delivery by any enterprise. Also, corporate governance and technological disruptions, in line with the model's proposition, will determine the level of operational efficiency of the enterprise. Finally, agency theory and technological disruptions, according to our model, determines the ability of the enterprise to generate revenue that will lead to the firm's profitability. The agency-governance-disruptions model, as put forward in this paper, is therefore an interlocking of the triangular components described above.

Literature has shown that innovation is the primary engine of economic growth in different economies, at the technological frontier of macroeconomics, and it is also a path to higher profits and growth, at the firm (microeconomic) level. In other words, while technological disruptions, within the confines of the microeconomic operations of the firm drives revenue and profits growth, innovative technological disruption is the engine for economic growth and development, at the national macroeconomic level.

It is also important to note that the role of the management is crucial in directing and overseeing an organization's innovation efforts. Therefore, the corporate governance disposition, at the firm level, to innovative technological disruptions will determine, to a large extent, the operational efficiencies of the firm.

We cannot, however, overlook the tension created in the process of managing the agency theory and corporate governance relationship where the interests of the shareholders and those of the management are determined, as they might not be perfectly aligned with each other at all times, thereby, opening the door to agency frictions. When such frictions occur, the result is suboptimal investment in innovation, that can lead to losses in firm value for the shareholders, and low economic growth and welfare for the broader economy.

METHOD

From the pool of 270 licensed universities in Nigeria, as at December 31, 2024, taken as our population of study of private and public enterprises, 148 of them are privately-owned universities (representing 54.8%) while 122 are publicly-owned universities (representing 45.2%). These private universities qualify as private enterprises as defined in literature, because their ownership belongs to some sort of private entity. The public universities also could be easily classified as public enterprises because their ownership (government), and their source of funding is from public funds. We therefore decided to take a sample from this population for the purpose of our study based on the above ownership distinctions, and the uniformity of product of the enterprises, despite the differences in ownership of enterprises.

To ensure some equitable distribution of our sampling, we ensured that 50% of our sample comes from both the private and public universities. In selecting our samples, we also recognized the fact that the private universities could be further classified into three different groups based on faith (Christianity and Islam) and non-faith. The public universities, on the other hand, also, could be categorized into three, based on the three tiers of government in the country.

We thus resolved to select six (6) universities for the purpose of our study, selecting three (3) private and three (3) public universities for our private and public enterprises analysis. With our sample of 3 privately owned universities, and 3 publicly owned universities, our choices for the former are; an Islamic faith-based private university (IFBU), a Christian faith-based private university (CFBU) and a non-faith based private university (NFBU) to represent our private enterprise bracket. On the side of the public enterprises, we selected a fully state-owned university (FSOU), a state/local government owned university (SLOU) and federal-owned university (FDOU).

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The basis of our investigations in this study are; an examination of (1) the laws establishing the universities, (2) the ownership and funding sources, (3) the governance structure as entrenched in the laws, (4) the university's compliance with the governance structure, (5) the management operational capacities, (6) the stakeholders' interests, (7) the revenue generation/profitability, (8) operational efficiencies, and (9) value delivery.

Our findings are presented and analyzed in the section that follow.

PRESENTATION AND ANALYSIS OF FINDINGS

Out of a total of 120 copies of the questionnaire distributed equally and administered among the six selected universities, only 112 copies (93%) were returned completed. 58 of the completed questionnaire (52%) were from the private universities while the remaining 54 (48%) were completed and returned by the public universities. This questionnaire was administered on members of the universities governing councils and management. The responses were appropriately analyzed and presented in the tables (5.1 – 5.4) presented in this paper.

As presented in table 5.1, the six universities (enterprises) have diverse ownership that necessitated their classification into our private and public enterprises categories. While three of these six universities are owned by private individuals/organizations, the other three are owned by government, but at different tiers. What this means is that 50% of the enterprises sampled are privately owned while the other 50% are publicly owned.

Table 5.1: Analysis of the Agency-Governance-Disruptions Model on Selected Private and Public Universities in Nigeria

Type of Enterprise	Ownership	Governance Structure	Agency Problems	Technology Disruptions	Operational Efficiency	Profitability	Value Delivery
IFBU	Private	BoT/Council	AS	C. Friendly	Efficient	Profitable	Good
CFBU	Private	BoT/Council	AS	C. Friendly	Efficient	Profitable	Good
NFBU	Private	BoT/Council	AS	C. Friendly	Efficient	Profitable	Good
FSOU	Public	MoE/Council	MH	C. Averse	Inefficient	Not for Profit	Fair
SLOU	Public	MoE/Council	MH	C. Averse	Inefficient	Not for Profit	Fair
FDOU	Public	MoE/Council	MH	C. Averse	Inefficient	Not for Profit	Fair

Beyond the issue of ownership, which is a bit straight forward because it is easily determined. Even at the point of approval by the licensing authority, there is the issue of corporate governance, which is expected to be guided by the law establishing each of the institutions. Without properly instituted governance structure, the permanent license of the any university will not be issued.

However, for the corporate governance issues to be properly understood, the agency theory aspect must be sorted. At the private universities level, their ownership representation is through the institution of a Board of Trustees (BoT), in line with the law. This ownership structure is empowered to approve and appoint a Governing Council to direct the affairs of the university through policy formulation and enforcement of policy implementation by the management.

For the publicly owned institutions, however, the situation is a bit different, with the Ministry of Education (MoE) holding forth on behalf of the government as owner of the universities. The government, through the ministries (whether at the state or federal levels), therefore, appoints the Governing Councils for the public universities, also in line with the laws establishing these universities. The governance structure of both private and public universities thus appears to reflect the representation of the interests of both the principals and agents appropriately as expected.

The predominant agency problems in the private and public universities tend to be different. While at the privately-owned universities, the dominant agency problem is that of averse selection (AS), at the publicly-owned universities, on the other hand, the agency problem is that of moral hazard (MH). In the former, the private ownership breathes down the throat of the management and council, as they want to know all that happens, almost on a day to day basis, even when they may not understand it, in some or most instances. The case of the latter is however, different because the ownership and its representation tends not to know what is happening at the various institutions because of poor reporting mechanisms, some claims of autonomy and largely due to conflicting interests of representatives attributable to corruption.

When it comes to embracing technological changes/disruptions, particularly as it relates to bringing about operational efficiency and revenue generation/profitability, the private universities are easily adaptable and susceptible to change than the public universities. This, however, cannot be generalized because of the simplicity and complexity of decision making in private and public universities respectively. While it is very simple and easy to adopt changes generally at the private universities, the situation is not the same for public universities because of the complexities of interests.

This is why the mechanism of corporate governance should be appropriated in such a way that it can help align the interests of the management and the shareholders, and thus alleviate the negative impact of agency frictions. Recent empirical studies confirm the significance of corporate governance in the growth process (see Nicolo et al. (2006), Bloom and Van Reenen (2007), and Claessens and Yurtoglu (2012), among others. According to a report by OECD (2012), it summarizes this body of evidence by arguing that "corporate governance exerts a strong influence upon innovative activity and entrepreneurship. Better corporate governance, therefore, should manifest itself in enhanced corporate performance, and can lead to higher economic growth."

Table 5.2: Analysis of the Agency-Governance-Disruptions Model and Agency Theory

Type of Enterprise	Ownership Interests	Management Interests	Stakeholders Interests	Employees Interests	Moral Hazard	Averse Selection	Agency Theory
IFBU	High	Low	Low	Low	Negative	Positive	Significant
CFBU	High	Low	Low	Low	Negative	Positive	Significant
NFBU	High	Low	Low	Low	Negative	Positive	Significant
FSOU	Low	High	High	High	Positive	Negative	Insignificant
SLOU	Low	High	High	High	Positive	Negative	Insignificant
FDOU	Low	High	High	High	Positive	Negative	Insignificant

Our findings as presented in table 5.2 show that there is high interest of ownership in the private universities than what exist in the public universities. While the owners of these private universities show particular interest in the affairs and sustainability of these enterprises, the same cannot be said of their public counterparts. Where such interests are seen at the public universities through the representatives of the ownership, they are largely negative and exploitative of the institutions.

On the other hand, the pursuit of management interests by those saddled with the day to day affairs of the universities, however, vary otherwise. What our study observes is that the pursuit of management interests in the private universities is low, compared to what obtains in the public universities. This, we conclude, is as a result of the low level of the ownership interest, found in the public universities, and the poor accountability metrics.

In the same vain, the interests of other stakeholders are largely pursued in the public universities more than what obtains in the private universities. The interests of the employees are equally better pursued in the public than the private universities. These explains the submission, therefore, that in the private universities, the agency problem is largely averse selection, as the ownership is largely present and interested in the affairs of the university, but may not fully understand it, while it is moral hazard problem at the public universities, where the ownership is not so much interested in what is going on in the institutions.

Table 5.3: Analysis of the Agency-Governance-Disruptions Model and Corporate Governance

Type of Enterprise	Governance Structure	Corporate Culture	Policy Adherence	Management Character	Management Capacity	Governance Cost	Total CG Index
IFBU	Present	High	High	Positive	Adequate	Low	High
CFBU	Present	High	High	Positive	Adequate	Low	High
NFBU	Present	High	High	Positive	Adequate	Low	High
FSOU	Present	Low	Low	Liberal	Adequate	High	Low
SLOU	Present	Low	Low	Liberal	Adequate	High	Low
FDOU	Present	Low	Low	Liberal	Adequate	High	Low

As presented in table 5.3, there is the presence of corporate governance at all the universities selected, irrespective of whether they are private or public. The reason for this could be attributable to the regulatory agency's (National Universities Commission) non-tolerance of operating without adequate governance structure, in line with the laws establishing the universities.

However, the level of corporate culture exhibited by the various governance structure cannot be said to be the same. While at the private universities, the corporate culture is high, the same cannot be said of the public universities. In the same vain, the level of adherence to policies varies according to the type of enterprise. While policy adherence is high at the private universities, it is low at the public universities.

Another issue that was considered by our study is the character of the management team to issues relating to operational efficiency of institutions which is considered the management responsibility. This was found to be positive at the private universities, but a bit liberal at the public universities. The liberal nature of management character, when we probe further, could be attributable to the desire of the management at the public universities to survive the pressures of the various stakeholders' interests that beseech the management from time to time. Being liberal is therefore regarded more as a survival strategy for the management at the public universities.

Our study reveals that irrespective of the type of enterprise, whether private or public, the adequacy of the management capacity is common. In other words, the institutions ensured that those that are appointed into management positions are adequately qualified, at the least. This, however, does not foreclose the fact that the best people are recruited into the management of the universities, rather, it shows that those appointed possess the minimum requirements in most cases, hence their adequacy to occupy the management positions.

On the side of cost of governance of these enterprises, it was not a surprise to find out that the governance cost at the public universities are high when compared to the private universities. This also add up in determining the operational efficiency index.

Table 5.4: Analysis of the Agency-Governance-Disruptions Model and Technological Disruptions

Type of Enterprise	Technology Disruptions	Innovation Quotient	Change Friendly	Change Resistance	Creative Capacity	Innovative Drive	Total TD index
IFBU	Present	High	Yes	No	High	Low	Moderate
CFBU	Present	High	Yes	No	High	High	Positive
NFBU	Present	High	Yes	No	High	Low	Moderate
FSOU	Present	Low	No	Yes	Low	Low	Negative
SLOU	Present	High	Yes	No	High	High	Positive
FDOU	Present	Low	No	Yes	Low	Low	Negative

Every firm, whether private or public cannot run away from the extraneous interventions of technology in the disruptions that hit various sectors of every nation. For this reason, the issue of technology disruptions is relevant to all, and therefore, present in all industries. The level of awareness and adaptability to these technological disruptions is what differs from one enterprise to another, and this, ultimately, will affect the competitiveness of such enterprise.

Our study reveals that the innovation quotients of the private universities are higher than what exist at the public universities, with the exception of one of the public universities sampled. This exception thus gives credence to our submission that the level of awareness and adaptability of technological disruptive innovations is not a function of the type of enterprise.

Though, the private enterprises tend to be more change friendly and less change resistant than the public enterprises, however, the exceptional case of this particular public enterprise calls for caution in generalizing, and also draws our attention to the need to probe further. What supports our conclusion is the fact that the measurement of creative capacity and innovative drive at these universities further, confirms that technological changes and disruptions do not dance to the ownership dynamics of these enterprises as much as it does to the creative capacities of the management.

It is safe to come to the conclusion that the technological disruptions that enterprises may embrace responds more to the nature of the personalities (people) driving the corporate governance of the enterprise, and the management that such has also saddled with the day to

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day running of the enterprise. The adage that you cannot give what you do not have comes clearly to bear here.

CONCLUSION AND RECOMMENDATIONS

In conclusion, the agency-governance-disruptions model reveals that when agency theory properly aligns with corporate governance, it can reduce agency costs, improves strategic decision making and implementation such that can lead to improved firm performance and value delivery. The inherent agency problem, which is traditionally known as the principal-agent problem, is not only restricted to the principal and the agent but also extends to affecting the value delivery capacity of the enterprise.

The separation of control and ownership in organizations causes different agency problems, and a series of corporate governance mechanisms can be implemented to mitigate them. The primary objective of institutionalizing corporate governance is to minimize the agency problems and ensure that management problems are aligned with those of ownership (Saeid, & Sakine 2015). This study affirms this position as all the respondents to our questionnaire in the universities studied agrees with the significance of the alignment of agency theory and corporate governance for organizational efficiency and effectiveness.

In the course of establishing that corporate governance provides the structure through which the enterprise sets objectives, the strategy for attaining those objectives and the guidelines for implementing and monitoring performance, this paper establishes that the agent's utility function (management) includes power, security, status, and wealth, while the principal's utility function (ownership) are principally to maximize value delivery, market value of their shares, an ultimately, their wealth.

This study also establishes that agency costs rise not only because of opportunistic behavior of management, but also from the monitoring and control mechanisms (governance structure) put in place by stock-holders (ownership). Where there are proper monitoring and control mechanism through the governance structure, the agency costs are lower, as was found in the case of private universities.

We also discover that the higher the degree of ownership concentration and presence, the more likely management's ability to implement strategic decisions in line with shareholder value maximization. This position is in line with earlier submissions of (Mizruchi, 1983; Baysinger and Butler, 1985; Borokhovich et. al., 1996) who believe that effective boards should be composed of greater proportions of outside directors on the premise that outside directors can make more exhaustive and profound evaluations of strategic decisions and management behavior than inside directors.

There are however, exceptions to this position as we uncovered in the cases of some of the public enterprises. The reasons for these exceptions are tied to other interests, not in alignment with owner's interest but personal to the choices of representation that the ownership has put on the board. Their ability to collude with management and put their unprofessional personal interests first before that of the enterprise and its owners permits this kind of contradictory exceptions to the norm.

Furthermore, this study also established that where the influence of the CEO is strong on the board, whether as chairperson or not, feelings of loyalty or responsibility towards the CEO may restrict the directors' freedom and independence to make difficult and contrary decisions, thus creating issues of conflict of interest in favor of the management headed by the CEO.

While the alignment of corporate governance to technological disruptions are bound to bring about operational efficiencies, aligning the agency theory to the evolving innovative disruptions guarantees improved revenue generation and profitability of any enterprise. We discover, however, that achieving this is significantly a function of the management capacities more than that of the board, irrespective of whether the enterprise is privately or publicly owned.

Applying the agency-governance-disruptions model will not only significantly influence revenue generation capacities that can led to profitability, operational efficiencies and value delivery, but also performance excellence. The agency-governance-disruptions model in the short and long terms is bound to bring additional multiple benefits to the life of any enterprise, be it private or public.

Where the agency-governance-disruptions index is positive, this study concludes that such an enterprise will reflect an attraction to better financing conditions, as the enterprise gains acceptability and reliability. Moreover, such an enterprise will be able to deliver higher values because of the agreement between shareholders and other stakeholders which leads to lower operational costs and higher profitability.

In addition, where the agency-governance-disruptions index is positive, it is possible to increase the excellence in operational efficiency with properly defined objectives by the management and adaptation of technology in the essential areas possible. Also, organizational risks are reduced when corporate governance is well entrenched and management interests aligned with ownership interests.

Finally, our study affirms that relations with other stakeholders are improved, including banks, bondholders, employees, local and national governments, in line with an earlier submission of Vargas-Hernández & Teodoro Cruz (2018) where agency-governance-disruptions index is significantly positive.

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