

EFFECTIVENESS OF UNIVERSITY SYSTEM IN POST COVID-19 ERA: THE IMPERATIVE OF CORPORATE GOVERNANCE

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Abstract

The performance of any educational institution as measured by her ability to satisfy the needs of her multiple stakeholders in the “new normal” which involve disruption of systems, structures, and teaching-learning process requires dynamic managerial practices. While governments as the major financiers of the public universities system in Nigeria has granted her autonomous status, the roles expected of the institutions has placed humongous responsibilities of performing effectively and efficiently on the administrators of the university system. As learning organisations, universities are expected to be at the forefront of crafting sustainable strategies and an embodiment of sound governance by promoting the development of ethical and moral standards in the society. This paper argues the imperative of adaptation of corporate governance in the management of university for the effectiveness of the system in the post COVID-19 pandemic era. It recommends the deployment and utilization of information technology as solution to improvement of administration, education process, infrastructure deficiencies, and information dissemination to stakeholders. The need for self assessment, evaluation and management of public feedback was also emphasised.

Keywords: Corporate Governance, Agency and Stewardship Theories, University System, University Business, Ethics.

Introduction

The most valuable assets in both developed and developing countries, according to Hadir and Lahrech (2015) are humans. It is therefore apparent that nations take strategic investment initiative to cultivate their human capital through education. It is through the educational approach that new knowledge and innovations are incubated thereby leading to individual been efficient and productive which in turn affect positively the growth of the economy. The National Policy on Education (FRN, 2014), identify higher education of which the university is a major component as a major source of contribution to the national development through high level manpower training; development and inculcation of proper values for the survival of the individual and society among others.

The Nigerian university system at inception was a social investment funded and supported financially by the Nigerian government, colonial office, international scholarships and revenue derived from tuitions. As a result of military intervention in the political system from 1966 and in line with centralisation culture of the military, a centralised mode of administration supported by different control measures were introduced to the university system. These include National Universities Commission (NUC) with enormous powers over accreditation of all the universities and the Joint Admissions and Matriculation Board with its discriminatory criteria of 40 percent merit, 30 percent catchment area, 20 percent educationally less developed states and 10 percent discretionary for university staff and benefactors wards, among other admission policies.

Consequent to increase in demand for university education in the early 1980s, it became necessary to move the university education from the exclusive legislative list of the federal government to concurrent list which permit both states and federal governments to have authority to establish universities. The continuous pressure and inability of the public universities to accommodate a high percentage of the qualified applicants led to granting of licences to private organisations and individuals to set-up and operate private universities in Nigeria.

To lay foundation for its effectiveness, the autonomy of the university system in Nigeria was established by the dictate of Section 5 (85) of the National Policy on Education (FRN, 2014) which states that the traditional areas of academic freedom for the institutions are to select their students, except where the laws prescribes otherwise; appoint, promote and discipline their staff; teach and select areas of research; and determine the content of courses in line with minimum standards stipulated by regulatory agencies. However, Okudu (1979) as reported in Salami's diary (1999) agreed that adequate planning, coordination, teamwork, interpersonal relations, communication system are prerequisite to university administration. Ojo (2015) asserted that leadership styles in the university system are related to administrators' effectiveness which are critical management skill. It is therefore indisputable to state that the leadership styles which dictate the effectiveness of any organisation are nurtured by her governance structure upon which leaders of the institution are identified and installed.

Theories of proprietors - council - management interactions

The relationship between the Proprietors, Council and Management is central in understanding corporate governance. For the purpose of this study, three theories have been recognised as important to clarify corporate governance in the business of university system.

Agency theory is defined as “the relationship between the principals, such as shareholders and agents such as the company executives and managers”. The agency theory was expatiated from economic theory by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976). In this theory, shareholders who are the owners or principals of the company, hires the agents to perform work. Principals delegate the running of business to the directors or managers, who are the shareholders’ agents (Clarke, 2004). In the university system, the shareholders connote the proprietors (federal/state government and private organisations/individuals) who hires the agents often refer to as Governing Council or Council who in turn employs the executive managers (institutional managers or administrators) – Vice Chancellor, Deputy Vice-Chancellor, Registrar, Librarian, Bursar, Deans, Head of Departments and Directors. In agency theory, proprietors expect the agents (Council and Management) to act and make decisions in the proprietors’ interest. On the contrary, the agent may not necessarily make decisions in the best interests of the principals (Padilla, 2000). The agent may succumbed to self-interest, opportunistic behaviour and falling short of congruence between the aspirations of the proprietors and the agent’s pursuits.

Stewardship theory

Arguably, the most important organisational theory building on Macgregor’s theory Y is stewardship theory (Davis, Schoorman, and Donaldson 1997; Donaldson and Davis 1991), which in opposite to agency theory presumes that “stewards are motivated to act in the best interest of their principals” (Davis, Schoorman, and Donaldson 1997, 24). Stewardship theory offer an alternative and opposite model to that established by the agency theory. The model holds that the interests of executive manager are aligned with the interests of the principal, in contrast to the selfish motivations that supports the agency theory. This theory explained that the executive managers attempt to balance the interests of proprietors and other stakeholders, and therefore try to make decisions for the benefit of all. Donaldson (1985) opinion is whether or not the

organisation structure helps the executive to formulate and implement plans for high corporate performance.

Effectiveness of University system

There are many ways to measure the effectiveness of an organisation. Campbell (1977) lists over 30 different criteria from productivity, profits, growth, turnover, stability and cohesion (Scott p. 343). Diversity in measurement of effectiveness of an organisation can be traced to different theoretical perspectives. The determinants of effectiveness of university system include both the rationale and open systems perspective. While productivity, quality and efficiency are the output variables that the rational perspective focused on, the exchanges with the environment as measured by information processing, profitability flexibility and adaptability are the variables that open system perspective considered as variables to measure. The rational perspectives emphasize goal attainment and focus on output variables such as quality, productivity, and efficiency. Natural system perspectives focus on the support goals of the organization such as participant satisfaction, morale, interpersonal skills, etc.

The effectiveness of higher education according is measured by its ability to satisfy multiple constituencies demand or expectation (Solanke, 2014). These constituencies and their expectation include but not limited to:

- Students – which is gauged by assessment of students learning outcome leading to efficiency - admission/graduation ratio; non-instructional components of the institutions that either directly or indirectly contribute to students' success in the institution; student engagement; satisfaction with quality of campus life; psychological wellbeing of students; and possibly the perception of gains for benefiting from the level of education.
- Academic & Non-academic Staff – who are interested in organisational health; Promotion; recognition; accreditation of programmes and work/life balance.
- Government: as provider of financial resources demand accountability and compliance with regulation and establishment instruments.
- Host community– expects positive impact in their community through corporate social responsibilities and security.

Corporate governance

The Australian Stock Exchange (ASX) Corporate Governance Council (2007, p. 3) defines corporate governance as ‘the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations. This implies that managers of organisations can be made accountable for their actions and inactions in the process of directing and controlling organisations.

According to Parker (1996), the concept of corporate governance became prevalence in the 1980s but the origin can be traced to nineteenth century when incorporation was fronted as a way of limiting liability (Vinten, 2001). Tricker (2011) opined that the collapses of corporation in 1980s were ascribed to board level excesses, and dominant chief executives in various part of the world (Tricker, 2011). The increase in number of collapsed corporations in 1980s requires a change of attitude with a much higher performance expectation demanded of the management board to ensure that organisation were run effectively and in the right direction (Adams, 2002). It was proven that improved corporate governance was crucial for the growth and development of the whole economy of a country (Claessens, 2006; Clarke, 2004; Reed, 2002). In their studies, Hilmer (1998) and Kiel & Nicholson (2002), established strong links between the performance of corporations and the governance practices of their boards. Gompers, Ishii and Metrick (2003) established strong correlation between good corporate governance practices and superior shareholder performance. He reported that with two-thirds of the investors surveyed were prepared to pay more for shares of companies that had good corporate governance practices. Therefore, the improved performance reported in the several studies which were ascribed to sound corporate governance can equally be replicated in the educational sector if the tenets of corporate governance were upheld.

Pre-COVID 19 university system in Nigeria

The pre-COVID 19 university system in Nigeria was characterised by inadequate financial resources which led to in adequate infrastructure. The public universities’ capital and recurrent expenditures were funded by government through budgetary provisions. In addition, the universities are empowered to generate revenue internally through fees, investment in deposits and endowment, receiving of grants and conducting business activities. While this is expected to

augment the financial requirements for improving the infrastructure, the increase in number of student intake has not made this to materialised.

The inadequacy of classroom and its components such as furniture has equally affected the teaching-learning process as there are more students than available classrooms. Reagents are not available for the science students to conduct practical sessions. The lecturer-students ratios across departments are unreasonably high. The pressure on the existing infrastructure such as electricity generating system has placed additional challenges on the performance of the administrative and other non-academic staff. Increase in the incidence of lost of students answer scripts because of stress confronting lecturers due to manual processing.

Appointments of members of the governing council and principal officers of the universities was politicised thereby throwing-up incompetent and inexperienced individuals to preside over the affairs of universities. Mclendon and Hearn (2003) asserted that the implicit politicisation of the appointment of Vice-Chancellors of universities has made their governance exceedingly difficult and much more susceptible to entirely non-academic interventions from outside. According to Tandberg (2006), it is a matter of concern that in recent years, choosing persons for such high level appointments as vice chancellors, is becoming scandalous in higher institutions in states involving political and financial considerations at the cost of qualifications and competence and this negates effective governance of universities. Ogbonnaya (2009) affirm this allegation when he observed that a good number of key offices including the Vice-Chancellors are usually appointed based on religious or ethnic sentiments. He contended that when this happens as is mostly the case in the universities; the council will not succeed in accomplishing its constitutional objectives or functions.

Also, the pressure asserted on the vulnerable students by their peers has increased the incidence of criminality and its tendencies within the university communities. The inter-cult fight for supremacy has disrupted not only the academic programmes but led to death of both members and non-members.

New normal: Effect of COVID 19 and educational system in Nigeria

On Feb 27, 2020, the first official case of COVID-19 in Nigeria was announced. The patient was an Italian citizen, who had arrived at Ikeja, Lagos state from Europe and who, a few days later, tested positive for the disease. In Ogun state, a neighbouring state to Lagos, another patient was identified and discovered to have been in contact with the first patient. The federal government of Nigeria thereafter pronounced and enforced an initial 2-week lockdown on March 30, 2020, for two of the 36 states and Federal Capital Territory (Lagos, Ogun, and Abuja) and, on April 13, the lockdown was extended it for another 2 weeks. Since then, the situation has developed with more cases occurring, regardless of measures initiated by the state and federal governments to combat the virus and return to normalcy. Meanwhile the Nigerian public university system were shut down on March 23, 2020 due to indefinite strike embarked on by the Academic Staff union of Universities (ASSU) on issues that are unrelated to the COVID 19.

The COVID 19 pandemic has led to situation which is now refer to as “new normal”. The new normal is characterised by disruption of every strata, concept, process of every system, be it medical, technology, education, relationship, business etc.

It is to be noted that the university system would have joined the lock down, if there was no strike action running before the lockdown. The new normal crystallised in disrupting the university business. The governance structure of the university system was affected as meetings of Council, its committees and academic board could not be held. The administration of university system were also disrupted as there was no processing of admission of new students, the results of the existing ones and other important tasks as all staff must stay in their different homes. The financial operations were also disrupted. Most importantly, the teaching-learning process were on hold as student and lecturers are expected to remain their homes.

While it was possible for some organisations to continue running their businesses from homes or remote locations, due to inadequate infrastructure – power, electricity etc. the public universities were unable to help itself. This therefore exposes the short-comings of Nigerian public university system. Interestingly, a number of private in Nigeria such as Covenant, Babcock, and Bowen universities were able to, during the lockdown period, proceeded with the teaching-learning process, conducted online examinations, assessed examination scripts, and organised

Viva for their Ph.D candidates virtually. Matriculation and graduation ceremonies were also held virtually by these private universities.

Import of corporate governance practices in university system

It is commonly held that the value placed on the graduates of an institution is a package of perception of recruitments process of the students, disciplinary procedures, the teaching-learning process, its management philosophy, the examination and assessment procedures, human and financial resources management practices among others.

Contrary to objection raised when public universities were running sandwich programmes in Nigeria, it is interesting to note that there was no negative observations raised in the process or technology deployed by the private universities to attain this great fit of continuity of academic activities during the lockdown because those inherent risks such as examination malpractices usually associated with public universities were assumed to have been debugged from the private universities.

Therefore, while it may appear impossible for public institutions to practice full blown corporate governance, the foundation for ethics has been laid in the establishment act of each institution and what is required is a commitment to act according to the dictate of the law. Irrespective of the process of selecting members of the governing council, the body is statutorily saddled with provision of direction for the institution.

It is expected to provide directions for the institutions by ascertaining the basis for the establishment and determining the quality and number of leaders and employees required to fulfilled its purpose; crafting of mission and vision statements as a guide and quick reference to its expected role; and making strategic decisions and discussing current and future concern that may appear as impairment to fulfilling its role.

To be able to perform excellently in the role stated above, members of the council must not only assume independence but must be independent indeed. Proprietors must select men and women from divers profession and environment. The level of education criteria must be above required the nation's standard to occupy management position in the civil service and such members must

be capable of expressing independent opinion. Risks confronting university system are diverse and it ranges from those emanating from the students and staff to management. The risk may be in form of financial, reputation, process and quality. The Council must never shy away from addressing these risk and identify means of mitigating against them.

While the existing system does have a structure, wilful alteration to suit self-interest will only succeed in causing disaffection. Therefore, it will be required as part of good corporate governance that structure must be capable of managing and monitoring interactions and transactions. The system must enable the tracing of activities effectively and efficiently.

There must be open and transparent communication on all issues as it may relate to its several stakeholders which include the proprietors, regulatory agencies, governments, host community, students, prospective students, staff and other similar institutions. In addition, the governing council must not fail to communicate responsibilities on social and environment. It must also strive to meet its corporate goals within responsible policies and practices.

The governing council must establish a self-evaluating procedure to review her system with the view of eliminating errors; identify and mitigate brewing challenges; and feedback process and response thereto.

Conclusion and recommendation

The perception of the stakeholders of university system and her ability to satisfy the diverse and competing requirements of her constituencies is the determinant of her effectiveness. Therefore, with an open and transparent decision making process, it is certain that the universities' public will develop confidence in her integrity and accept the representation of the products of such institutions.

The COVID 19 and its associated new normal has demystified the believe that teaching-learning process must occur only through physical interaction or contact in classrooms. Consequently, it is hereby recommended that public universities need to deploy information technology to deliver course content and this will lead to expansion of carrying capacity. This will reduce physical meeting and the pressure on infrastructure. With improvement in information technology

facilities, the universities system will also be able to reduce burden on her academic resources who may elect to work from the comfort of their homes with occasional physical contacts with the students.

The cost of university education will be lower thereby giving satisfaction to the proprietors of the institutions as more students may now benefit from university education. Students with financial constraints will benefit more as there will be no need to abandon work or business in order to acquire university education. The combination of studies and work has the tendencies to improve the productivity of such beneficiaries of the university education.

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