

Legal and Regulatory Compliance and Service Delivery in Semi-Autonomous County Government Entities of Kakamega County

Christabell Murila Ashiono[#], Dr. Robert K.W. Egessa[^] and Ms.Eglay Tuvulla Tsuma[!]

[#]Master student, [!]Lecturer, [^]Senior Lecturer and Chairman, Department of Business Administration and Management Science, P.O.BOX 190-50100, Masinde Muliro University of Science and Technology, Kakamega, Kenya.

Received 20 Aug 2018, Accepted 21 Oct 2018, Available online 23 Oct 2018, Vol.6 (Sept/Oct 2018 issue)

Abstract

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. It has been generally agreeable from many studies in the recent past that companies that have corporate governance systems in place also exhibit good performance which is actualized by the quality of service provided. This can only be fostered by following legal and regulatory practices by the companies. Thus, good corporate governance practices are increasingly being recognized as an important aspect of organizational success. This study sought to determine the effect of legal and regulatory compliance on service delivery in Semi-autonomous County Government entities of Kakamega County (SACGA). The study adopted a causal research design to determine the effect of corporate governance practices on service delivery in Semi-autonomous County Government Agencies. The target population was 478 derived from a sample frame two Semi-autonomous entities in Kakamega County through purposive sampling. Stratified simple random sampling was used to select respondents. A sample size of 30% drawn from the target population of the two entities was used in the study totaling to 143 producing a response of 128. Both Secondary and Primary data was collected using structured questionnaire and interview schedules. Validity was achieved through expert discussion while reliability of data was tested using Cronbach's alpha resulting to Cronbach alpha of 0.756 which was above 0.7 threshold accepted in social research. Data analysis was done using Statistical Package for Social Sciences (SPSS) with the main analysis tools being frequencies, percentages, mean and Pearson product moment correlation coefficient and regression equation. Data was presented with use of tables. The study found out that there was a positive and significant relationship between legal and regulatory compliance ($r=.529$) on service delivery. The study concluded that legal and regulatory compliance contributes more to service delivery in SACGA.

Keyword: Corporate Governance, Legal and Regulatory Compliance, Service Delivery, Semi-Autonomous County Government

1.1 Research objective

To examine the effect of legal and regulatory compliance on service delivery in SACGA

1.2 Research hypothesis

H₀. There's no significant effect of the legal and regulatory compliance on service delivery in semi-autonomous county Government agencies in Kakamega County.

1.3 The Scope of the study

The study was conducted with a focus on two semi-autonomous county Government agencies, the Kakamega

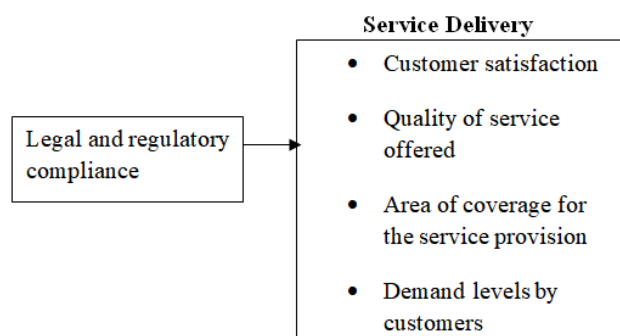
County Water and Sanitation Company and the Kakamega Dairy Development Company. The two have been singled out since they are key County Government agencies for Kakamega County that are on the spotlight for provision of key services and implementation of key devolved functions for the County Government. In both the County Government's Long term and Medium term development plans, agriculture and water service provision are key function that ought to be delivered in the development agenda.

This has been echoed in the County CEO's development manifesto. The study utilized data generated over a period of 4 years from 2013. The study employed the causal research design to identify the extent and nature of cause-effect relationships and to examine the effect of corporate governance practices on service delivery in SACGAs in Kakamega County.

*Corresponding author's ORCID ID: 0000-0000-0000-0000

DOI: <https://doi.org/10.14741/ijmcr/v.6.5.22>

1.4 Conceptual framework



Source: Researcher (2018)

Figure 1: Conceptual Framework

2.1 Theoretical framework

2.1.1 Stakeholder theory

Stakeholder theory suggests that the purpose of a business is to create as much value as possible for stakeholders. A stakeholder is defined as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. In order to succeed and be sustainable over time, executives must keep the interests of customers, suppliers, employees, communities and shareholders aligned and going in the same direction. This theory originated from the works of (Freeman, 1984) who argued that the accomplishment of the firm is affected by the stakeholder’s actions in comparison with the actions of the firm. He noted that, for good performance, organizations ought to involve the stakeholders in their company’s decision-making. He further argued that satisfaction of all interested parties is paramount in improving the performance of the firm. Indeed, stakeholder theory is less of a formal unified theory and more of a broad research tradition, incorporating philosophy, ethics, political theory, economics, law and organizational science. It is argued that this group of network is important other than owner-manager-employee relationship (Freeman, 1999), which is also supported by (Solomon & Solomon, 2004).

The Stakeholder theory takes chary of the fact that an organization is not limited to Shareholders alone as proposed by the Agency theory. According to (Wright, Filatotchev, Buck and Bishop (2003), all the stakeholders are important and trusting and involving them in the decision-making influences the performance of the firm, a concept supported by the report by (OECD, 2004) on governance where the role of stakeholders is well elucidated. According to Kiel & Nicholson (2003), organizations are interdependent and therefore, they are not limited to only the financial aspect of the firm. Carver & Oliver (2002) concurs with this argument in the sense that Stakeholders get personal satisfaction when a company does well.

2.2 Empirical literature

2.2.1 Legal and regulatory compliance

A functioning regulatory system is a central feature of good service delivery governance. It is characterized by effective regulatory framework that basically provides a set of rules, processes, and monitoring and enforcement mechanisms. In the absence of a regulatory framework that calls for compliance by the provider, the situation is not different from a monopolistic environment. Thus, effective and sustainable services are wholly dependent upon effective institutional structures and regulation (Trémolet and Halpern, 2006; Rouse, 2007).

The agenda of public administration reforms, accompanied with several models, so as to improve the effectiveness and efficiency of government in providing services has been the subject of experimentation for several years. Many of the reforms were pre occupied with the supply side as they aimed at improving public service delivery through training, introducing merit-based recruitment and promotion, and creating incentives by adjusting payment structures. Such reforms were basically confined to the public sector. Public service production and delivery in the recent reforms, however, transcended the public sector domain and included several non-state actors. Nonetheless, improving the supply of public goods and services is not an end in itself nor is it possible to achieve responsive and accountable service delivery (Birner, 2007).

In order to achieve good corporate practices, regulatory bodies are established in any country. Examples of such KRA(Kenya Revenue Authority) , Insurance Regulatory Authority, RBA (Retirement Benefits Authority).CBK(Central Bank of Kenya),CMA(Capital Markets Authority), Sacco Societies Regulatory Authority, Competition Authority of Kenya.

In spite of the operations of these regulatory bodies (mentioned above), many Kenyan citizens have come to believe that services especially in public sector organizations cannot be improved due to strict adherence to bureaucratic procedures. For example, within governmental institutions, the occasion of staff hierarchy and chain of authority has not been particularly helpful as the system is still very much focused on command and control as against devolution of authority to front line managers who face practical service delivery situation on a day-to-day basis (SERVICOM, 2007).

Service delivery as expressed by Stockton (2011) is about delivering services as effectively as possible to the satisfaction of the customers. Franzini (2009) established amongst other things, “a strong relationship between extensive corporate governance and higher levels of aggregate investment; a relationship also exists between and corporate governance and higher growth levels”. The study emphasizes the need for ensuring effective corporate governance framework applicable in our contemporary world. Although Franzini’s findings is

applied to Central and Eastern Europe because of their economic stability and sound regulatory frameworks, his findings may not apply to the situations in the less developed economies like Kenya where regulatory bodies lack the ability to enforce compliance perhaps due to political interference which could in turn, affect their outputs in terms of quality of both staff and service delivery. In an attempt to contribute to knowledge, this paper attempts to examine the internal re-organizations to see how the reforms impact on SACGAs service delivery.

In a related study, Kirfi, Abdullahi & Idris (2013) concludes that, the enforcement of the C.A.C compliance arrangement was significant to ensuring the practice of corporate governance and service improvement. Kenya's regulatory framework for the appointment of directors is still based on the common law where no special skills are required. Thus, line Ministers in the past took advantage of this fact that there is no statutory provision requiring directors to have expertise and experience in the management of State Owned Enterprises to appoint boards where the appointees lack the necessary skills. When this happens, the performance of SOE goes down. Chapter six of the Constitution of Kenya 2010 deals with the test of Leadership and Integrity. Article 73 provides that authority assigned to a state officer is a public trust which is to be exercised in a manner that is consistent with the purposes and objects of the Constitution, demonstrates respect for the people, brings honor to the nation and dignity to the office and promotes public confidence in the integrity of the office. Further, Chapter Six regulates conduct of state officers. It provides that state officers shall behave, whether in public and official life, in private life, or in association with other persons, in a manner that avoids any conflict between personal interests and public or official duties, compromising any public or official interest in favor of a personal interest, or demeaning the office the officer holds. In Article 75 (2), the Constitution provides that a state officer shall be subject to the applicable disciplinary procedure for the relevant office, and may, in accordance with the disciplinary procedure be dismissed or otherwise removed from office, and they will be disqualified from holding any other state office. In line with the 2010 constitution of Kenya, officers of the State are to be appointed on merit, and there should be an observance of gender equality and regional balancing. This ensures an effective mechanism of reducing corruption, for example the appointment of directors based on political patronage and/or tribal/racial, political and other affiliations and thus effectively enhancing service delivery by this state officers.

Under the State Corporations Act (which is the guiding act for the County Government owned agencies) (Section 2, 3, and 7) the powers of the President over the Corporations are unnecessarily extensive and infringe on the ethics of a free market economy thus impairing the ability of Parastatal' boards to make sound competitive

decisions. A major challenge is to find a balance between the State's responsibility for actively exercising its ownership functions, such as the nomination and election of the board, while at the same time refraining from imposing undue political interference in the management of the Corporation. The OECD suggests that the ownership entity's ability to give direction to the Parastatal or its board should be limited to strategic issues and policies¹⁶³. It should be publicly disclosed and specified in which areas and types of decisions the ownership or coordinating entity is competent to give instructions. The government should not be involved in the day-to-day management of Parastatals and should allow them full operational autonomy to achieve their defined objectives.

The Board of Directors of a State Corporation is responsible for the proper management of the affairs of the State Corporation and is accountable for the moneys, the financial business and the management of a state corporation. Subsequently, the chief executive of a State Corporation may be summoned by the Public Investments Committee (PIC) to answer on behalf of the Board any question arising from a report, including a special report, of the Controller and Auditor-General concerning the State Corporation¹⁶⁷. However, under the Public Finance Management Act (Section 184 and 185), the reporting line of SACGAs is through the line ministry and the County Treasury to the County Assembly hence the oversight role is not so effective. Other laws that regulate state and County Government owned agencies include the Public Officers Ethics Act, 2013, The Anti-Corruption and Economic Crimes Act Cap 3 of 2003 and the Public Audit Act Cap 4 of 2004. The underlying objective of the development of this laws is so as to ensure cultivation of good corporate governance practices in public institutions thus ensure efficient and quality service provision by the institutions.

Currently the County Governments are formulating their own laws passed by the County Assemblies which relate to devolved functions so as to ensure proper implementation of the devolved functions (The Busia County Water Act 2015, The Kakamega County Dairy Development Act 2017). Such laws establish the SACGAs and provide for their management as well among other issues. The SACGAs ought to come up with their own institutional policies that strengthen the institutional capacity of the agencies, improve financial sustainability, and ensure effective corporate governance and increase operational efficiency all geared towards good service delivery.

3. Research Methodology

3.1 Research design

A research design establishes of variables, the sample selection, data collection, hypothesis testing as well as analysis of results (Kumar, 2011).

It is a strategy of action aimed at finding answers to researcher's questions through laid out methods and procedures. The study used a causal research design to determine the effect of corporate governance practices on service delivery in Semi-autonomous County Government Agencies.

3.2 Target population

The target population for this study was 478 (including 2 CEOs) drawn from 2 SACGAs in Kakamega County. The population consisted of Board of Directors, senior managers, supervisors and field officers.

Table 1: Target Population

S No	SACGA	Board of Directors Target Population	CEOs Target Population	Senior Managers Target Population	Supervisors Target Population	Field Officers Target Population
1	Kakamega County Water and Sanitation Company	10	1	10	12	300
2	Kakamega Dairy Development Company	10	1	5	8	121
	Total	20	2	15	20	421

Source: Field data (2018)

3.3 Sampling design and sample size

The researcher used a sample size of 30% drawn from the two SACGAs in Kakamega County. The sample size was 143 male and female adults drawn from the target population. The Sample breakdown comprised of 6 Members of the Board of Directors, 5 Senior Managers 6 Supervisors and 126 field officers. Mugenda and Mugenda (2003) state that a sample of 30% for a population of less than 500 is sufficient for research.

Table 2: Sampling Matrix

Position	Population	Sample	Percentage
BOD	20	6	30%
Senior Managers	15	5	30%
Supervisors	20	6	30%
Field officers	421	126	30%
Total	476	143	30%

Source: Field data (2018)

3.4 Data collection tools

The study used questionnaires and interview schedule for data collection.

3.5 Pilot study

A pilot study was carried out to test the validity and reliability of the data collection instruments in order to ensure that the items in the questionnaire and interview schedule are clearly stated and understood by the respondents. The pilot study enabled the researcher determine the time taken to complete a questionnaire. A total of 35 questionnaires and 5 interview schedules were administered to respondents not participating in the study.

The cronbach reliability alpha was found to be 0.756 as shown in Table 3 meaning that the research

instruments were reliable. All the respondents who participate in the test-retest exercise were not allowed to participate in the main study.

Table 3: Reliability Test

	Cronbach's Alpha if Item Deleted
Board composition	.754
Stakeholder engagement	.752
Legal and Regulatory compliance	.779
Service delivery	.761
Organizational factors	.763
Overall	.756

Source: Field data (2018)

3.8 Data analysis and presentation

Data was analyzed using inferential statistics; regression analysis, Chi-Square and correlation, where relationship between the independent variable and the dependent variable was determined. Regression analysis was to determine the strength of relationship among the variables. Organizational factors were used as a moderating variable. Various tests were done on the regression models to determine the presence of auto-correlation where Durbin Watson was used to test whether variables are highly correlated. The multi-collinearity test was also used to test the linearity of variables. Data was presented using descriptive statistics; means, modes, standard deviation, frequencies and percentages. The data collected was refined, coded and entered into the computer system. The Statistical Package for Social Sciences (SPSS version 20) and R was used for analysis.

Regression Equation: Model 1

$$SDit = \alpha + \beta_1 BC + \beta_2 SE + \beta_3 LRC + \mu$$

MODEL 2 with moderating effects of Perceived Organizational Support

$$SDit = \alpha + \beta_1 BC.OF + \beta_2 SE.OF + \beta_3 LRC.OF + \mu$$

α Regression constant; β_1 , β_2 , β_3 , β_4 , regression coefficient

μ Error Term; BC-Board Composition

SE Stakeholder Engagement; OF-Organizational factors

SD Service delivery

4. Results and Discussions

4.1 Response rate

This section is of great importance because it forms the basis under which the study results will be interpreted based on a total of 128 respondents.

Table 4: Respondents response rate

Response	f	%
Successful	128	89.5%
Unsuccessful	15	10.5%
Total	143	100%

Source: Field data (2018)

The researcher administered 143 questionnaires out of which 128 questionnaires were completely filled and collected back as shown in Table 4. The results represent a 89.5% response rate which is very good as asserted by Bebbie (2004) that a response rate of 70% and above is very good.

4.2 Legal and regulatory compliance and service delivery

Table 5: Legal and regulatory compliance

	N	Mean
Legal and regulatory systems that govern SAGGAS activities lead to improved service delivery	128	3.6641
Government interferences in SAGGAS activities greatly affects service delivery	128	3.4922
There is need for more legislation in a bid to improve county government services delivery for SAGGAS	128	3.5469
There are proper laid down laws and regulations in the SAGGA that guide stakeholder engagement	128	3.4844
The SAGGA comply to the legal and regulatory requirements in carrying out their functions	128	3.4844
I always comply with the legal and regulatory requirement at the workplace	128	3.7500
Every board member is supplied with all establishment of documents on first appointment and every time they are revised	128	3.7031
Stakeholders views are normally considered in developing key policies for the SAGGA	128	3.5781
The SAGGAS adheres to sector corporate governance guidelines as provided by the regulators	128	3.5703
There are minimal complaints from the customers regards to service delivery by the SAGGA that result to legal suits	128	3.0078
Valid N (listwise)	128	

Source: Research data (2018)

The study findings in Table 5 found out that there is legal and regulatory compliance in the SAGGAS due to the respondents agreement to the study issues concerning legal and regulatory practices: legal and regulatory systems that govern SAGGAS activities lead to improved service delivery (mean=3.7); government interferences in SAGGAS activities greatly affects service delivery (mean=3.5); there is need for more legislation in a bid to improve county government services delivery for SAGGAS (mean=3.5); there are proper laid down laws and regulations in the SAGGA that guide stakeholder engagement (mean=3.5); the SAGGA comply to the legal and regulatory requirements in carrying out their functions (mean=3.5); employees always comply with the legal and regulatory requirement at the workplace (mean=3.8); every board member is supplied with all establishments of documents on first appointment and every time they are revised (mean=3.7); stakeholder's views are normally considered in developing key policies for the SAGGA (mean=3.6); SAGGAS adheres to sector corporate governance guidelines as provided by the regulators (mean=3.6). Respondents were however undecided on the issue that minimal complaints from the customers regards to service delivery by the SAGGA that

result to legal suits (mean=3). In general, it can be concluded that legal and regulatory compliance leads to improve service delivery which is consistent with the study conducted by Rouse (2007); Tremolet and Halpem (2006); Birner (2007); and Kirfi, Abdullahi and Idris (2003).

4.3 Correlation analysis

4.3.1 Relationship between legal regulatory compliance and service delivery

Table 6: Legal regulatory compliance and service delivery

		Legal and Regulatory compliance	Service delivery
Legal and Regulatory compliance	Pearson Correlation	1	.529**
	Sig. (2-tailed)		.000
	N	128	128
Service delivery	Pearson Correlation	.529**	1
	Sig. (2-tailed)	.000	
	N	128	128

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field data (2018)

The findings in Table 6 show that there is a high positive and significant relationship between legal regulatory compliance on service delivery at 99% confidence level ($r=0.529$, $\alpha=0.000$ and $p\text{-value}=0.01$ thus $\alpha < p\text{-value}$). The results reveal that legal regulatory compliance results to

an increase in service delivery. In general, it can be concluded that legal and regulatory compliance leads to improve service delivery which is consistent with the study conducted by Rouse (2007); Tremolet and Halpem (2006); Birner (2007); and Kirfi, Abdullahi and Idris (2003).

4.4 Regression analysis

Table 7: Legal and regulatory compliance and service delivery

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.529 ^a	.280	.274	.54624	1.725	
a. Predictors: (Constant), Legal and Regulatory compliance						
b. Dependent Variable: Service delivery						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.625	1	14.625	49.015	.000 ^b
	Residual	37.595	126	.298		
	Total	52.220	127			
a. Dependent Variable: Service delivery						
b. Predictors: (Constant), Legal and Regulatory compliance						
Coefficients ^a						
	Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
		B	Std. Error			
1	(Constant)	.932	.369		2.523	.013
	Legal and Regulatory compliance	.727	.104	.529	7.001	.000
a. Dependent Variable: Service delivery						
Source: Research data (2018)						

From the Table 7, the results on model summary show that R-Square is 0.280 indicating that legal and regulatory compliance accounts for 28% of the variability in the service delivery in SAGGA. The results also show that there is a positive effect of legal and regulatory compliance on the service delivery in SAGGA ($R=0.529$). The ANOVA results show that, $F=49.015$, $p=0.000$. The overall results reveal that regression model was significant in determining the applicability of the model to measure the study variables. This means that there is a satisfactorily goodness for fit between legal and regulatory compliance and service delivery in SAGGA. The use of regression model to either accept or reject the research hypothesis is thus justified.

Based on the study beta coefficient results, the equation simple linear regression model can be written as; $Y=.932+.727X_3+e$, where Y =service delivery, X_3 represents legal and regulatory compliance on and e represents error term. A beta of 0.727 means that in every 0.727 units of use of legal and regulatory compliance, there is a corresponding 1 unit increase in service delivery in SAGGA. The results also show that legal and regulatory compliance on is statistically significant $\alpha=0.000$ and $p\text{-value}=0.05$. Since the t-statistic was significant, the study reject the third null hypothesis and concluded that legal and regulatory compliance on has a significant and a positive effect on service delivery in semi-autonomous county Government agencies in Kakamega County. In general, it can be concluded that

legal and regulatory compliance leads to improve service delivery which is consistent with the study conducted by Rouse (2007); Tremolet and Halpem (2006); Birner (2007); and Kirfi, Abdullahi and Idris (2003).

Analysis of the interview schedule of respondents regarding legal and regulatory compliance, one of the CEO said that,

"Our organization has proper laid down laws and regulations in the SAGGA that guide stakeholder engagement; it also comply to the legal and regulatory requirements in carrying out their functions; employees always comply with the legal and regulatory requirement at the workplace; every board member is supplied with all establishments of documents on first appointment and every time they are revised; stakeholder's views are normally considered in developing key policies; adheres to sector corporate governance guidelines as provided by the regulators. Strict adherence to legal and regulatory compliance lead to efficient service delivery".

Source: Interview by researcher (2018)

5. Summary of Study Findings and Conclusion

5.1 Summary of the findings

Study correlation depicted that there is a high positive and significant relationship between legal and regulatory compliance on service delivery at 99% confidence level thus legal and regulatory compliance results to a high

increase in service delivery. The results on model summary R-Square indicated that legal and regulatory compliance accounts for 28% of the variability in the service delivery in SAGGA. The ANOVA results showed that the overall regression model was significant in determining the applicability of the model to measure the study variables. Beta coefficient results revealed that for every 0.727 units of use of legal and regulatory compliance, there is a corresponding 1 unit increase in service delivery in SAGGA. The results also showed that legal and regulatory compliance is a statistically significant measure of service delivery. Since the t-statistic was significant, the study reject the third null hypothesis and concluded that legal and regulatory compliance has a significant and a positive effect on service delivery in semi-autonomous county Government agencies in Kakamega County.

5.2 Conclusions

Based on the findings of the study, it was concluded that; Legal and regulatory compliance also positively affects the service delivery in semi-autonomous County Government entities in Kakamega County, Kenya. Legal and regulatory compliance in the County Government entities accounted for 28% of the service delivery on the semi-autonomous County Government entities in Kakamega County, Kenya.

References

- [1]. Birner, R. 2007, Improving governance to eradicate hunger and poverty: 2020 focus brief on the world's poor and hungry people, IFPRI, Washington DC
- [2]. Carver, J., Oliver, C. (2002). Corporate boards that create value. Governig company performance from the boardroom. San Fransisco: John Wiley & Sons
- [3]. Franzini, S. (2009). Corporate Governance in Theory and Practice, Journal of Politics and International Affairs, Spring, 77-93.
- [4]. Freeman RE. (1984). Strategic management: A stakeholder approach. Boston, Pitman Publishing Inc
- [5]. Kenyan constitution, 2010
- [6]. Kiel, G., & Nicholson, G. (2003). Board composition and corporate performance: How the Australian experience informs contrasting theories of corporate governance. *Corporate Governance: An International Review*, 11(3), 189-205. <http://dx.doi.org/10.1111/1467-8683.00318>
- [7]. OECD. (2004). *Principles of Corporate Governance*. Paris: OECD Publishing.
- [8]. Rouse, Michael (2007), Institutional Governance and Regulation of Water Services: The Essential Elements, International Water Association Publishing, London.
- [9]. Servicom, (2007). History-Service Compact, Retrieved 18/12/13 @<http://www.servenigeria.com>, 1-6.
- [10]. Solomon, J. & Solomon, A. (2004). Corporate Governance and Accountability, Chichester :Wiley.
- [11]. Stockton, J. (2011). Service Implies a Degree of Excellence, Deliver it and the Sky is the Limit, retrieved 4/8/14 @ <http://blog.myproject tracker.com/201/03/service-delivery/trackback>
- [12]. Trémolet, Sophie and Diane Binder (2010), "The Regulation of Water and Sanitation in DCs: Literature Review, Insights, and Areas for Research", À Savoir , 01, Agence Française de Development (AFD), Paris (<http://www.afd.fr/>).
- [13]. Wright, Mike, Motoya Kitamura and Robert Hoskisson: 2003, "Management Buy-outs and Restructuring Japanese Corporations", *Long Range Plannings*, forthcoming.
- [14]. Wright, P. and Ferris, S. P. 1997. Agency conflict and corporate strategy: The effect of divestment on corporate value. *Strategic Management Journal* 18 (1): 7790