The Impact of Corporate Governance Mechanisms on Organisational Efficiency of listed financial firm in Nigeria

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Abstract

This paper examined the effects of corporate governance on the financial institutions' efficiency in Nigeria. Using a quantitative ex-post facto research design, the study examines the influence of board attributes (size, independence, gender diversity) and audit committee characteristics (size, independence, financial experience) on organisational efficiency as measured through asset turnover. The results show negative efficiency attributable to board size and positive

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efficiency for board independence and audit committee size using pooled regression analysis from 2012 to 2023. Surprisingly, financial knowledge in audit committees correlates negatively, suggesting a dangerous degree of over-specialisation. The effect of firm size on efficiency is consistently strong and positive. These findings emphasise the undeniable impact of governance on organised effectiveness and provide policy recommendations to support governance best practices in growing economies such as Nigeria. This study makes important contributions to the academic literature and corporate governance policy debate.

Introduction

Organisational efficiency helps firms achieve operational success, optimal resource utilisation, and data sustainability. It indicates the company's capability to attain the highest quantity of output using the least level of input as evaluated via asset turnover, cost support and employee productivity (Hermawan et al., 2023). These are the organisations that drive economic growth and innovation and optimise competitive advantages. Achieving such efficiency is however tedious for flexible firms in volatile resource-constrained economies like Nigeria (Olowookere & Adeagbo, 2021).

As emphasised by Ifechi et al. (2021), who found that Nigerian companies are challenged by massive bottlenecks that make their competitiveness at local and global scales seriously damaged. Such barriers can include limited resources, infrastructural challenges, cost management inefficiencies and an underutilised workforce. For instance, Musa et al. (2021) discovered that operational inefficiencies led to huge revenue losses in both the manufacturing and service sectors. So, improving the efficiency of the organisation is not merely a business necessity, but a national economic priority

Corporate governance mechanisms provide a strategic avenue to improve organisational efficacy. For example, governance such as board structure, and audit attributes affect how decisions are made, how resources are allocated, and how productive the operations are (Putri et al., 2020). Whereas a sound governance board can provide accountability and alignment on strategic objectives, effective audit committees can improve financial

transparency as well as prevent wastefulness and inefficiency (Hasan et al., 2020). These acts of agency are vital in contexts that are ambivalent in nature, like Nigeria, where the dynamics of the governance frameworks are still unfolding (Chituru et al., 2022), thus providing a description on how understanding these mechanisms are cures to unlocking organisational potential.

Although there are regulators in Nigeria saddled with corporate governance mechanisms, corporate governance culture in the country is marred by regulations. Problems such as ineffective boards, lack of diversity and weak oversight still hinder organisational performance (Ozili, 2020). Nonetheless, Awosika, (2020) described the Nigerian Code of Corporate Governance 2018 and other recent reforms as steps in the right direction to bridge the gaps of accountability, fairness and transparency. This makes it imperative for the efficiency literature to understand how governance practices impact efficiency outcomes as Nigerian firms continue to awaken to these reforms.

The need for a greater emphasis on organisational dynamics stems from the fact that Nigerian firms still grapple with inefficiencies that render them less competitive and impede their ability to attract investment and market share (Nwoke et al., 2019). In our view, an understanding of the governance-efficiency nexus could provide an actionable roadmap for business leaders and policymakers alike, paving the way to sustainable growth in an economy that can only be characterised as increasingly globalised (Ogbonna et al., 2022).

This study aims to assess the impact of corporate governance mechanisms on organisational efficiency in Nigerian firms. Specifically, it seeks to:

i. Examine the effect of Board Characteristics on Organisation's Efficiency of Listed Financial Firms in Nigeria;
ii. Assess the effect of Audit Committee Characteristics on Organisation Efficiency of Listed Financial Firms in Nigeria.

This study adds to existing scholarship by closing some critical gaps in the governance-efficiency discourse in emerging markets, particularly the case of Nigeria. This perspective provides tangible evidence of the extent to which governance mechanisms lead to operating performance in a difficult

business environment by concentrating on measurable outcomes. For practitioners, the study offers actionable insights for business leaders and policymakers. By shining a light on governance practices that promote efficiency, it gives stakeholders tools to enhance competitiveness and advance the sustainability of the economy. This study becomes timely and relevant as Nigeria is in a quest to further improve its corporate governance framework concerning global pressures.

This study reminds us of the important function of corporate governance mechanisms regarding organisational efficiency. Through identifying critical gaps and providing empirical evidence, it serves as a valuable resource for scholars, practitioners and policymakers who seek to enhance organisational outcomes in the Nigerian firm context.

Literature Review

Conceptual Framework

I. Board Characteristics and Organisational Efficiency

Instances of corporate governance and behaviour are heavily weather-driven by organisational methods and strategic decisions; thus, it is the qualities of revenue boards that drive organisational adequacy. The oversight roles of boards are inextricably linked to the structural characteristics of boards, such as board size, independence and diversity, which are some of the key dimensions used to understand how boards go about fulfilling their oversight role. One such parameter is board size which affects organisational efficiency, decision agility and resource allocation. Lawrence () notes that diversified boards significantly contribute more value to strategic oversight and decision-making by being able to draw on a diversity of expertise, perspectives, and experience. Nonetheless, too much board size may be inefficient because of coordination problems and slower decisions process (Abubakar et al.,). On the other hand, smaller boards can be more agile and effective, as long as they have enough expertise and independence (Igbinosa et al.,). Thus, the perfect board size is essential towards attaining optimal performance.

Independence of the board is also something that brings better governance and reliable and impartial oversight in line with the goals of the organisation.

Independent directors enhance accountability and reduce agency conflicts (Adekunle et al.,). Yet, Nigerian companies typically do not achieve the required levels of independence, as executive directors tend to predominate the board, and this breeds governance and resource allocation inefficiencies.

Gender Diversity and the Upper Echelon are the crux of board effectiveness and improved organisational efficiency. Studies show that gender-diverse boards enhance decision-making, innovation, and risk management by integrating diverse perspectives (Idi & Stephen,). In spite of these benefits, firms in Nigeria lag far behind global standards in gender representation, where women hold fewer than 15% of board seats (Ezekiel et al.,). Diversity among board members has been correlated with improved governance results as well as superior performance in terms of profit margin.

For example, Nigerian firms contend with further issues in optimising traits of boards, which involve cultural biases, regulatory non-deepening, and an over-focus on executive directors (Abu & Bamidele, 2022). Strengthened governance regulations, diversity quotas, and the appointment of independent directors can go a long way toward resolving these challenges and markedly enhance board effectiveness and organisational efficacy.

Based on the literature, this study hypothesises:

- **H_1:** Board characteristics positively influence organisational efficiency of listed financial firms in Nigeria.

II. Audit Committee Characteristics and Efficiency

These contribute to financial transparency, compliance with regulatory requirements, and good governance which collectively enhance organisational efficiency. The committees oversee financial reporting, internal controls, and shareholder interests. There is a trade-off between size, independence, competence, and diversity in their effectiveness. The Irony of Audit Committees animates in an unsettling, absurdist register. Smaller committees, particularly those whose members are knowledgeable and independent, decide faster. Larger committees provide diverse viewpoints, but coordination and accountability may be challenging, making an optimal size critical for oversight (Kaoje et al., 2023). Independence is also an essential need for an effective audit committee. Independent members hold management accountable, make them transparent, and reduce their influence

on decision-making. Having many independent members on committees is thought to diminish financial mismanagement and offer impartial scrutiny (Umoru et al.,).

Audit committee knowledge is as important as an efficiency indicator for an organisation. Members who are financially trained and technically skilled may scrutinise financial procedures better and reduce inefficiencies. At least one previous study established that a significant number of Nigerian audit committees comprise of members without accounting background (Nkak, 2020). Diversity, particularly gender diversity, matters, too. As multiple perspectives lead to better decision-making, committees with gender diversity enhance financial performance and transparency. However, despite these benefits, many Nigerian companies do not diversify their audit committees, one way of restricting their organisational effectiveness (Olagunju et al., 2023).

The Nigerian audit committees are plagued by systemic problems; inadequate regulatory enforcement, low diversity and little knowledge among members are among the issues. These problems make it hard for them to monitor, leading to poor financial reporting and governance. Such issues require reforms such as financial credentials for independent audit committee members, upgrades in training and diversity quotas. "The approaches would enable audit committees devote available resources more effectively, minimize areas of wastage and enhance top performance financially (Aifuwa et al., 2020).

Given these insights, the study posits:

- **H_2:** Audit committee characteristics significantly influence organizational efficiency of listed financial firms in Nigeria.

Theoretical Framework

One of the most prominent frameworks defining corporate governance with respect to organisational effectiveness is Agency Theory (Jensen & Meckling, 1976). According to the theory, conflicts of interest emerge between shareholders (principals) and managers (agents) as a result of conflicting goals and information asymmetry. This perspective assumes that human agents, if left to their own devices, will place their personal self-interest above that of the goals of the organisation. This self-interest

requires governance mechanisms like board oversight and audit committees to ensure that managerial actions serve the interest of shareholders and resources are utilised efficiently (Abu et al., 2022).

With various studies that corroborate the impact of corporate governance towards reducing agency conflicts including instances such as these as well as system optimisation within the organisations. For example, Udoh et al. (2023) proved that too much independence in audit and risk management committees has a positive impact on financial performance, because it decreases the risk of managerial opportunism and improves oversight. Similarly, Obeitoh et al. (2023) showed that a proper mix of board size, independence, and financial expertise diminishes earnings management, ensuring support from organisational practices with shareholders goal.

In the Nigerian context, Kaoje et al. (2023) found that independent audit committees that hold meetings more often positively affect governance by increasing transparency and lowering agency costs. It confirms the relevance of Agency Theory as it aligns oversight mechanisms with firm goals and enhances their presence in emerging economies with weak regulatory environments that usually delineate governance challenges.

Agency Theory, though a foundational perspective in corporate governance, is often criticised for being overly reductive in focusing solely on self-interest, which limits a nuanced view of managerial motivations. Abubakar et al. (2021) contend that excessive emphasis on monitoring mechanisms can undermine trust and be detrimental to innovation at the same time, adding that governance should strive for a balance between controlling and empowering actors. This critical voice is especially salient in rapidly moving spaces, like Nigeria's finance ecosystem, where agility and creativity are the heart of competitiveness.

In Nigerian financial firms, therefore, Agency Theory offers a solid foundation for investigating the impact of board and audit committee attributes on organisational effectiveness, thereby advancing the empirical exploration of this domain. The theory highlights the importance of governance mechanisms to prevent conflicts and optimise resource utilisation. Weak enforcement of governance regulations and concentrated ownership structures are more pronounced in Nigeria than elsewhere, increasing the potential for agency conflicts. Independence, expertise and diversity are

some of the characteristics of effective board, which are vital in bridging these gaps to improve operational efficiency (Gbadebo, 2021).

Overall, the results from this framework emphasise that strong governance mechanisms play a crucial role in reducing agency problems and enhancing organisational outcomes. Drawing upon Agency Theory, this study seeks to investigate the impact of board and audit committee characteristics on efficiency of listed financial firms on Nigerian Stock Exchange as a contribution to the emerging markets literature on this subject.

Methodology

This study adopted a quantitative ex-post facto research design to examine the impact of corporate governance mechanisms on organizational efficiency in Nigerian listed financial firms from 2012 to 2023. The research employed a descriptive and explanatory approach to explore the relationships between governance variables— board characteristics and audit committee attributes— and organisational efficiency. A pooled regression analysis was used to analyse the data, capturing cross-sectional and time-series variations for a comprehensive evaluation of the hypothesized relationships. The population comprised all listed financial firms on the Nigerian Exchange Group (NGX) during the study period. A purposive sampling method was applied to select firms with complete governance and efficiency-related data, ensuring data integrity and adequate representation within the financial sector.

Model Specification

To specify the models for the relationship between the dependent variable (Organisational Efficiency) and the independent variables while separating Board Characteristics and Audit Committee Attributes into two different models, we can define them as follows:

Model 1: Board Characteristics and Organisational Efficiency

$$AT = \beta_0 + \beta_1 BS + \beta_2 BI + \beta_3 BD + \beta_4 FS + \beta_5 LEV + E$$

Model 2: Audit Committee Attributes and Organisational Efficiency

$$AT = \beta_0 + \beta_1 ACS + \beta_2 ACI + \beta_3 ACF + \beta_4 FS + \beta_5 LEV + E$$

Where:

OE (Organisational Efficiency): Measured using the asset turnover ratio

BS (Board Size): Total number of board members

BI (Board Independence): Proportion of non-executive directors on the board

BGD (Board Diversity): Percentage of female representation on the board

ACS (Committee Size): Total number of audit committee members

ACI (Committee Independence): Proportion of independent audit committee members

ACF (Financial Expertise): Proportion of audit committee members with formal accounting or finance qualifications

FS (Firm Size): Measured by total assets or revenue

LEV (Leverage): Ratio of total debt to total assets

β_0 : Intercept term

$\beta_1, \beta_2, \ldots, \beta_5$: Coefficients of the independent variables

E: Error term

Results and Data Analysis

Descriptive Statistics

The descriptive statistics provide valuable insights into the dataset. The variable AT (Asset Turnover) has a mean of 909.89 and a high standard deviation of 780.68, with values ranging from 0 to 5939.06. This indicates substantial variability in the efficiency of firms in generating revenue relative to their assets. BS (Board Size) shows an average of 10 members, with a range of 1 to 21 and moderate variability (SD = 3.80), reflecting relatively consistent board structures among firms. Similarly, BI (Board Independence) has a mean of 65.67%, ranging from 33.33% to 93.75%, highlighting notable differences in governance practices related to board composition. BGD (Board Gender Diversity) averages 16.05%, indicating low representation of gender diversity. While some firms exhibit no gender diversity (minimum = 0), others achieve a maximum of 50%. The ACS (Audit Committee Size) averages nearly 6 members, ranging from 2 to 10, reflecting variations in committee structures. Meanwhile, ACI (Audit Committee Independence)

has a mean of 57.27% and ranges from 0 to 100%, demonstrating diverse governance practices across entities. The financial expertise of audit committees, measured by ACF (Audit Committee Financial Expertise), averages 62.37%, with a range of 0 to 100%, suggesting variation in financial acumen. FS (Firm Size), represented on a log-transformed scale, has a mean of 12.33 and a range from 0 to 17.32, indicating notable differences in firm scale. Lastly, LEV (Leverage) has an average of 66.55%, with a wide range (0.04 to 256.22%) and a high standard deviation of 35.19, pointing to significant differences in financial risk profiles among firms. Overall, the data reveals substantial diversity in firm efficiency, governance characteristics, and financial profiles, offering a robust foundation for further analysis.

Table 1 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
AT	467	909.8896	780.6838	0	5939.058
BS	467	10	3.800836	1	21
BI	467	65.66823	13.03878	33.33333	93.75
BGD	467	16.05111	12.63877	0	50
ACS	467	5.940043	1.492701	2	10
ACI	467	57.27276	22.49594	0	100
ACF	467	62.37102	21.16193	0	100
FS	467	12.33322	2.628718	0	17.32244
LEV	467	66.55442	35.18886	0.0409044	256.2203

Source: Researchers' Computation (2024)

Correlation Statistics

The correlation matrix provides insights into the relationships between variables in the study. AT (Asset Turnover) exhibits a weak positive correlation with FS (Firm Size) (r = 0.2851) and LEV (Leverage) (r = 0.1317), indicating that larger firms and those with higher leverage may have slightly better asset utilisation efficiency. However, its correlation with

other variables is negligible, suggesting limited direct association. BS (Board Size) is strongly positively correlated with FS (Firm Size) (r = 0.6331), implying that larger firms tend to have bigger boards, likely due to more complex governance requirements. It is also positively correlated with BGD (Board Gender Diversity) (r = 0.1169), suggesting a mild relationship between board size and gender diversity. BI (Board Independence) shows a moderate positive correlation with ACF (Audit Committee Financial Expertise) (r = 0.3882) and a weaker relationship with ACI (Audit Committee Independence) (r = 0.2836), indicating that independent boards may contribute to stronger governance in terms of audit expertise and independence. BGD (Board Gender Diversity) has weak positive correlations with ACI (r = 0.1553) and LEV (r = 0.1368), reflecting minimal links between gender diversity and these variables. ACS (Audit Committee Size) is negatively correlated with ACI (r = -0.4332) and BI (r = -0.2680), suggesting that larger audit committees may not always align with independence standards. Similarly, LEV shows a weak positive relationship with FS (r = 0.4185), indicating that larger firms tend to carry more leverage. Overall, the correlations reveal notable governance relationships, particularly between board size, firm size, and audit expertise, while other associations remain weak, pointing to opportunities for further investigation.

Table 2 Correlation Statistics

Variable	AT	BS	BI	BGD	ACS	ACI	ACF	FS	LEV
AT	1								
BS	-0.0316	1							
BI	-0.0628	0.0013	1						
BGD	-0.0249	0.1169	0.0672	1					
ACS	0.2353	-0.3003	-0.268	-0.1186	1				
ACI	0.0537	0.104	0.2836	0.1553	-0.4332	1			
ACF	-0.0681	0.2252	0.3882	-0.0054	-0.2012	0.2375	1		
FS	0.2851	0.6331	-0.0512	0.1814	-0.1827	0.1307	0.2282	1	
LEV	0.1317	0.1723	-0.006	0.1368	-0.2125	0.1476	0.0167	0.4185	1

Source: Researchers' Computation (2024)

Test for Multicollinearity

The Variance Inflation Factor (VIF) analysis in Table 3 assesses multicollinearity among the independent variables. The VIF values for all variables are below the commonly accepted threshold of 10, indicating no severe multicollinearity issues. FS (Firm Size) has the highest VIF (2.13), suggesting a moderate level of correlation with other variables, but still within acceptable limits. Other variables, such as BS (Board Size), ACS (Audit Committee Size), and ACI (Audit Committee Independence), have VIF values ranging between 1.07 and 1.85, indicating weak to moderate correlations. The BGD (Board Gender Diversity) exhibits the lowest VIF (1.07), reflecting minimal multicollinearity with other predictors. The mean VIF of 1.47 further confirms that multicollinearity is not a significant concern in this dataset. These results suggest that the model is statistically robust and the independent variables are appropriate for inclusion in regression analyses.

Table 3 Test for Multicollinearity

Variable	VIF	1/VIF
FS	2.13	0.470404
BS	1.85	0.539853
ACS	1.43	0.699926
ACI	1.33	0.753626
ACF	1.32	0.754783
BI	1.32	0.758468
LEV	1.3	0.768652
BGD	1.07	0.935406
Mean VIF	1.47	

Source: Researchers' Computation (2024)

Regression Analysis

I. Examination of the Effect of Board Characteristics on Organisational Efficiency

The regression analysis examines the effect of board characteristics on organisational efficiency, measured by Asset Turnover (AT). The model explains approximately 16.35% of the variation in organisational efficiency (R-squared = 0.1635), with an adjusted R-squared of 15.44%, indicating a modest explanatory power. The F-statistic of 18.02 ($p < 0.000$) confirms that the model is statistically significant, meaning the independent variables collectively influence organisational efficiency. The Root Mean Squared Error (Root MSE = 717.87) indicates the average distance between observed and predicted values, leaving room for further exploration of unaccounted factors.

Among the predictors, Board Size (BS) has a significant negative relationship with organisational efficiency (coefficient = -54.56, $p < 0.000$). This suggests that larger boards may hinder efficiency, potentially due to coordination challenges or slower decision-making processes. On the other hand, Board Independence (BI) positively and significantly influences efficiency (coefficient = 6.61, $p = 0.008$), indicating that a more independent board fosters better governance and oversight, leading to improved organisational performance. While Board Gender Diversity (BGD) has a negative coefficient of -4.62, it is not statistically significant ($p = 0.086$), implying that its impact on efficiency is inconclusive in this model and may require further research to clarify.

Firm Size (FS) demonstrates a strong positive and statistically significant effect on efficiency (coefficient = 157.30, $p < 0.000$). This highlights the advantage of larger firms in achieving higher efficiency, likely due to economies of scale and greater resource availability. However, Leverage (LEV) shows no significant relationship with efficiency (coefficient = -0.42, $p = 0.693$), suggesting that financial leverage does not play a notable role in influencing efficiency in this context. The constant term is also statistically insignificant ($p = 0.737$), indicating that when all predictors are zero, the baseline level of efficiency is negligible.

In summary, the analysis identifies board size and independence as significant determinants of organisational efficiency, while firm size emerges

as a critical factor for improved performance. The findings suggest that firms should focus on optimising board composition and governance practices to enhance efficiency. Additionally, the insignificant effects of gender diversity and leverage highlight areas for further investigation to uncover deeper insights.

Table 4. Regression Analysis for Board Characteristics

Source	SS	df	MS	Number of Obs = 467
Model	46440560.1	5	9288112.01	F (5, 461) = 18.02
Residual	237571151	461	515338.721	Prob > F = 0.0000
Total	284011711	466	609467.19	R-Squared = 0.1635 Adj R-Squared = 0.1544 Root MSE = 717.87

AT	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
BS	-54.5604	11.79821	-4.62	0	-77.75193	-31.36887
BI	6.605361	2.459397	2.69	0.008	1.770967	11.43975
BGD	-4.624597	2.689865	-1.72	0.086	-9.910513	-0.6613185
FS	157.2958	18.02751	8.73	0	121.8695	192.7221
LEV	-0.4150846	1.05237	-0.39	0.693	-2.483121	1.652952
_cons	-80.24781	238.5158	-0.34	0.737	-548.9608	388.4652

Source: Researchers' Computation (2024)

II. Assessment of the Effect of Audit Committee Characteristics on Organisational Efficiency

This regression analysis evaluates the impact of audit committee characteristics on organisational efficiency, measured by Asset Turnover (AT). The model explains approximately 20.51% of the variation in efficiency (R-squared = 0.2051), with an adjusted R-squared of 19.65%, indicating a moderate explanatory power. The F-statistic of 23.80 (p < 0.000) confirms that the model is statistically significant, meaning the audit committee characteristics collectively influence organisational efficiency. The Root Mean Squared Error (Root MSE = 699.78) indicates the average deviation

between observed and predicted values, showing the model's relatively good fit. Among the predictors, Audit Committee Size (ACS) exhibits a strong positive and statistically significant relationship with efficiency (coefficient = 190.40, p < 0.000), suggesting that larger audit committees enhance performance, likely due to diverse perspectives and expertise. Similarly, Audit Committee Independence (ACI) positively and significantly influences efficiency (coefficient = 6.56, p < 0.000), highlighting the role of independence in fostering objectivity and governance oversight. Conversely, Audit Committee Financial Expertise (ACF) shows a negative and significant relationship with efficiency (coefficient = -4.32, p = 0.008), which could suggest diminishing returns or an overemphasis on financial expertise, potentially side-lining other critical perspectives. Firm Size (FS) is another key driver of efficiency, showing a strong positive and significant effect (coefficient = 99.71, p < 0.000). This underscores the advantages of larger firms in terms of resource utilisation and economies of scale. However, leverage (LEV) demonstrates a positive but statistically insignificant effect (coefficient = 0.95, p = 0.362), suggesting that leverage does not substantially impact efficiency in this context. The constant term is statistically significant (coefficient = -1620.29, p < 0.000), indicating that in the absence of the predictors, efficiency would be negative, underscoring the importance of the included variables. In conclusion, the analysis reveals that audit committee size and independence significantly enhance organisational efficiency, while financial expertise exhibits a counterintuitive negative relationship. Firm size further reinforces its critical role in driving efficiency, while leverage appears to have little influence. These findings provide valuable insights for corporate managers and governance stakeholders seeking to optimise audit committee composition and organisational structures to improve performance.

Table 5. Regression Analysis for Audit Committee

Source	SS	df	MS	Number of Obs = 467
Model	58262364.7	5	11652472.9	F (5, 461) = 23.8
Residual	225749346	461	489694.893	Prob > F = 0.0000
Total	284011711	466	609467.19	R-Squared = 0.2051 Adj R-Squared = 0.1965 Root MSE = 699.78

AT	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
ACS	190.4009	24.64481	7.73	0	141.9708	238.831
ACI	6.561649	1.626358	4.03	0	3.365655	9.757644
ACF	-4.318911	1.630159	-2.65	0.008	-7.522374	-1.115448
FS	99.71479	14.02436	7.11	0	72.15519	127.2744
LEV	0.9459108	1.035594	0.91	0.362	-1.089159	2.980981
_cons	-1620.287	274.5838	-5.9	0	-2159.878	-1080.696

Source: Researchers' Computation (2024)

Discussion of Findings

The negative coefficient (-54.56, p < 0.000) between the board size (BS) and organisations indicates the managerial challenges of larger boards and their impact on organisational efficiency. This is consistent with Abubakar et al. (), who revealed that oversized boards at Nigerian oil and gas companies detract from corporate social responsibility performance due to coordination problems and excessive decision-making time. Conversely, Adekunle et al. () noted that smaller boards may not have the required diversity of skills and perspectives for effective decision-making, highlighting the importance of finding the right number of board members.

The effect of independent directors on governance improvements is highlighted by the positive and significant impact of board independence, indicating that an independent board positively impacts efficiency (docks per day). This is in line with the finding of Abu et al. (2022) that the independence of directors is associated with better financial performance through increased accountability and reduced agency problems. Likewise,

the important role of independent boards of Nigerian banks in improving the quality of financial reporting was also raised by Gbadebo (2021), further corroborating this study's results.

Although board gender diversity (BGD) has a negative coefficient (-4.62), it is statistically insignificant ($p = 0.086$). On the other hand, Ezekiel et al. (In the oil and gas sector) conducted a study () to check the relationship between gender diversity and carbon emissions disclosures and found a positive one, indicating that the effect of gender diversity may vary based on performance metrics or industrial contexts. This inconclusiveness speaks to existing scholarship urging more nuanced explorations of the contextual effectiveness of gender diversity for organisational performance.

Firm size (FS) has long been known to have a large and positive effect on efficiency (coefficient = 157.30, $p < 0.000$). Similarly, Hermawan et al. (2023) hold that big pharmaceutical companies benefit from economies of scale and resource optimisation. By contrast, smaller companies are often limited in their resources and these factors can affect their performance in terms of efficiency. Moreover, the strong and positive correlation seen between audit committees' size (ACS) and efficiency (coefficient 190.40, $p < 0.000$) also helps convey the wisdom approach of the larger committees in the sound development of public governance by drawing on several diverse and integrated perspectives and expertise. Aifuwa et al. (2020) also found that bigger audit committees significantly improved the timeliness of corporate financial disclosures in Nigeria. Conversely, Olagunju et al. (2023) cautioned against overly broad committees because coordination can become cumbersome.

The inclusion of a positive effect of audit committee independence (ACI) on FSQA (coefficient = 6.56, $p < 0.000$) further exemplifies the importance of independence in making institutions objective and reducing bias. Hasan et al. (2020) found that independent audit committees in Malaysian firms enhanced the quality of financial reporting through the provision of independent oversight. Conversely, Kaoje et al. (2023) show that less independent committees were more likely to engage in earnings management which reduced their governance efficacy.

A salient question that arises from the negative association between ACF and efficiency (coefficient = -4.32, $p = 0.008$) is the technically

contradictory intuition embedded here. Chituru et al. (2022) observed diminishing marginal returns on additional levels of financial expertise in audit committees, which can crowd out other relevant governance perspectives. Conversely, Obeitoh et al. (2023) emphasised that a comprehensive expertise combining financial and operational knowledge is more efficient than abstract governance knowledge in achieving governance goals.

The results highlight the subtle effect of board and audit committee characteristics on operational efficiency. Size and independence of the board appear to be significant factors, with independence encouraging accountability and discordant size representing a coordination challenge. Similarly, the strong influence of audit committee size and independence highlights their importance in governance, while the unwelcome findings on financial expertise suggest that excessive focus on specialisation can hamper wider effectiveness. On the other hand, the inconclusive results about gender diversity and the marginal effect of leverage suggest the necessity of more research. Idi and Stephen () and Ezekiel et al. () highlights the importance of contextual and industry-specific factors, proposing that these may shape differential outcomes based on the specific context.

Conclusion and Recommendation

This study shows the effects of corporate governance mechanisms on the organisational efficiency of listed financial firms in Nigeria, and it highlights the vital relationship between sound governance practices and the ability of these institutions to perform optimally. Our main findings show that board characteristics (board size and independence) and audit committee factors (size and independence), have significant impact on efficiency. Furthermore, large boards hinder organisational effectiveness, probably because of coordination challenges, while board independence improves it by boosting responsibility and reducing the conflicts of interests. Likewise, positive effects of more extensive and independent audit committees on efficiency are related to the need from diverse perspectives and objective monitoring. However, the counterintuitive negative association between financial expertise and efficiency, and the indeterminate results on gender diversity deserve more attention in existing literature. Firm size shows a robust

positive effect throughout, signalling benefits from scale and resource economy.

For researchers, these results indicate opportunities for more nuanced exploration in less-examined areas (e.g., the situational effectiveness of gender diversity and the conditions under which financial expertise thrives within governance systems). Longitudinal designs could capture trends over time, and industry-specific analyses could expose unique sectoral dynamics.

Policy-makers are committed to construct rules that establish the significance regarding ideal and impartial custom run governance frameworks appreciation of boards committee sizes. Policies must also foster diversity efforts while dismantling systemic impediments that undermine their impact. These initiatives contribute to a more inclusive and effective corporate culture.

Governance practices must also be viewed as one of the most important issues in the context of the efficiency and sustainability of financial firms. Governance practices can guide investing decisions and board independence, audit committee structures, and firm size are indicators of strong governance.

Regulators are also crucial in helping enforce governance standards. In doing so, regulatory authorities are to continuously analyse the corporate governance codes and are to review the codes based on current global and local best practices to suit the unique challenges and opportunities of Nigerian financial institutions. This allows for broader disclosure, improves transparency, reduces governance risks and enhances market confidence by regulators.

In conclusion, optimising corporate governance mechanisms is crucial for improving organisational efficiency in Nigeria's financial sector. This study highlights actionable insights for stakeholders and emphasizes the importance of collaborative efforts between researchers, policy-makers, investors, and regulators to create governance frameworks that promote sustainable organisational performance.

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