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Beyond Agency Theory: A Configurational Theory of Corporate Governance Effectiveness in an Emerging Economy

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ABSTRACT

This study develops and tests a configurational theory of corporate governance effectiveness that moves beyond the limitations of agency theory in explaining governance outcomes in emerging economies. Drawing on a sample of 98 companies listed on the Nigerian Exchange Group, the study employs fuzzy-set qualitative comparative analysis (fsQCA) to identify the combinations of board characteristics, ownership structures, audit functions, and institutional pressures that are sufficient for achieving high governance effectiveness. The analysis reveals three distinct configurational pathways---termed institutional substitution, board-centric, and hybrid alignment---each representing a qualitatively different logic of governance effectiveness. These findings provide strong empirical support for the principle of equifinality, demonstrating that multiple, distinct governance arrangements can be equally effective in an emerging economy characterised by institutional voids, concentrated ownership, and weak enforcement. The study integrates agency theory, institutional theory, and configurational theory to offer a nuanced understanding of how governance effectiveness emerges from the alignment of internal mechanisms with external institutional pressures. The results challenge the universalist assumptions underlying many governance codes and suggest that regulatory strategies in emerging economies should move away from prescriptive, one-size-fits-all approaches toward principles-based frameworks that enable firms to develop context-appropriate governance configurations. The findings carry significant implications for policymakers, practitioners, and scholars seeking to understand and improve corporate governance in contexts where formal mechanisms often fail to operate as intended.

Keywords: corporate governance; configurational theory; equifinality; emerging economies; fsQCA; agency theory

INTRODUCTION

Corporate governance has long been understood as the architecture of accountability---the system of rules, processes, and relationships through which corporations are directed and controlled (Jensen & Meckling, 1976). In the ideal formulation, robust governance mechanisms align managerial interests with those of shareholders, protect minority investors, and ensure transparent decision-making that sustains long-term firm value (OECD, 2015). For decades, this ideal has animated reform efforts across the globe, from the Sarbanes-Oxley Act in the United States to the proliferation of corporate governance codes in Europe and, more recently, across emerging markets. The underlying assumption has been straightforward: if the right structures are put in place---independent boards, audit committees, disclosure requirements, and shareholder rights---governance effectiveness will follow. Yet this assumption, however seductive in its simplicity, begins to unravel the moment one steps outside the institutional comfort of developed capital markets.

In emerging economies, the governance landscape presents a fundamentally different picture. Here, the separation of ownership and control that agency theory takes as its foundational premise often coexists with, and is sometimes overshadowed by, concentrated ownership structures where founding families or state actors wield disproportionate influence (La Porta et al., 1999). The institutional infrastructure---reliable legal frameworks, independent regulatory capacity, transparent capital markets---is frequently underdeveloped, creating what Khanna and Palepu (2010) have termed "institutional voids." These voids do not merely complicate governance; they transform it. In Nigeria, for instance, family-owned organizations account for roughly 60% of the country's micro, small, and medium enterprises, contributing more than 50% to national GDP, yet only around 30% successfully transition to the second generation---a statistic that speaks volumes about the fragility of governance arrangements when formal mechanisms are weak and family dynamics override corporate accountability (Otika et al., 2019). The concentration of power in a single individual serving as both managing director and board chairman---a structure that directly contradicts the Nigerian Code of Corporate Governance---significantly weakens the board's ability to challenge executive decisions, leading to informal decision-making processes where family loyalty is prioritised over corporate accountability (Onyenucheya, 2023).

The problem, then, is not that emerging economies lack governance codes or regulatory frameworks. Nigeria's Securities and Exchange Commission has promulgated successive codes of corporate governance, most recently revised in 2018, drawing explicitly from OECD principles and global best practices. The Nigerian Stock Exchange mandates compliance disclosures. Yet the gap between code and practice remains stubbornly wide. Empirical studies reveal that the most widely studied corporate governance mechanisms in Nigerian literature---board size, board independence, audit strength, CEO duality, and ownership structure---often yield inconsistent or contradictory results, suggesting that these mechanisms do not operate in isolation but interact in complex ways that linear models fail to capture (Ozili & Uadiale, 2017; Abdulazeez et al., 2016; Uwuigbe et al., 2018). The true spirit of compliance, as studies from comparable emerging markets like Pakistan have found, is frequently absent: majority of firms are either unaware of potential benefits of good corporate governance practices or lack sufficient resources to comply with provisions, while enforcement remains weak or absent due to high levels of corruption and political involvement in the corporate sector (World Bank, 2019).

This disjuncture between formal governance architecture and actual governance effectiveness points to a deeper theoretical problem. The dominant paradigm in corporate governance research---agency theory, rooted in the work of Jensen and Meckling (1976)---was developed in the context of Anglo-American corporations with dispersed ownership, mature capital markets, and strong legal enforcement. It assumes that governance effectiveness is primarily a matter of mitigating the principal-agent conflict between dispersed shareholders and self-interested managers. But in emerging economies like Nigeria, where ownership is concentrated, where institutional voids create uncertainty, and where political patronage and family networks often substitute for formal contracting, the principal-agent framework captures only a fraction of the governance story. Agency problems do not disappear in these contexts---they are compounded by principal-principal conflicts between majority and minority shareholders, by political interference in board appointments, and by the overriding influence of informal networks that render formal governance mechanisms ornamental rather than functional (Aguilera et al., 2012).

Previous attempts to address these challenges have taken several forms, each valuable yet ultimately incomplete. One strand of research has sought to transplant Western governance models to emerging markets, assuming that what works in London or New York will work in Lagos or Nairobi. This approach has produced governance codes that look impressive on paper but fail to account for local institutional realities. Another strand, more sensitive to context, has employed institutional theory to explain how firms in emerging economies develop hybrid governance systems that blend formal regulatory frameworks with informal relational practices (Jamali & Karam, 2018). While this literature correctly identifies the adaptive strategies firms employ, it often stops short of explaining which configurations of formal and informal mechanisms actually produce effective governance outcomes. A third strand has applied stewardship theory or stakeholder theory to argue that governance in emerging markets requires a broader conception of accountability that extends beyond shareholders to encompass employees, communities, and the state. Yet these approaches, while normatively appealing, have struggled to provide empirical traction on the question of what actually works---and under what conditions.

The direct consequences of this theoretical and empirical gap are significant. When governance research assumes linear, additive relationships between individual mechanisms and outcomes, it produces policy recommendations that may be not merely ineffective but actively counterproductive. A board independence requirement, for instance, may be meaningless if the "independent" directors are appointed through political patronage; an audit committee may be powerless if the external auditor is selected by the controlling family; disclosure requirements may generate voluminous reports that no one reads or enforces. The indirect consequences are perhaps more troubling: when governance reforms fail to deliver promised outcomes, they breed cynicism among investors, erode trust in capital markets, and provide cover for continued extraction by corporate insiders. In Nigeria, where family-owned firms dominate the economic landscape and where institutional voids persist despite decades of reform, the cost of governance failure is measured not merely in corporate collapses but in lost employment, stifled entrepreneurship, and capital flight.

What is missing from the literature---what this study seeks to provide---is a configurational theory of corporate governance effectiveness that moves beyond the limitations of agency theory while remaining empirically grounded in the realities of an emerging economy. Configurational theory, as articulated by Ragin (2008) and applied to organizational research by Fiss (2011), offers a fundamentally different logic of inquiry. Rather than asking whether board independence or ownership concentration or audit quality has a net effect on governance outcomes, configurational theory asks how these elements combine into coherent patterns---or configurations---that produce effectiveness. It embraces the principle of equifinality: the recognition that multiple, distinct governance arrangements can be equally effective in achieving desired outcomes (Fainshmidt & Boivie, 2020). This is not merely a methodological preference; it is a theoretical stance that takes seriously the complexity of governance in contexts where institutions are weak and where firms must navigate multiple, sometimes contradictory, pressures.

Fainshmidt and Boivie (2020), in their seminal work on equifinality in corporate governance, demonstrated via configurational analysis that distinct governance configurations---such as strong internal governance or robust external controls---can each be sufficient for ensuring reporting integrity. Their work, grounded in U.S. firms, opens a door that this study walks through into the very different terrain of emerging economies. In Nigeria, where the institutional environment is characterised by weak coercive pressures, political instability, and what institutional theorists call "isomorphic mimicry"---the adoption of global best practices to appear legitimate without achieving deep institutional reform---the question of which governance configurations actually work becomes not merely academic but urgent (DiMaggio & Powell, 1983; Pritchett et al., 2013).

This study builds on and differs from prior research in several critical respects. Unlike studies that test the effect of individual governance mechanisms in isolation, this research examines how board characteristics, ownership structures, audit functions, and institutional pressures combine into configurations that produce high governance effectiveness. Unlike research that assumes governance effectiveness follows a single optimal path, this study tests for equifinality---the possibility that different firms, facing different institutional constraints, may arrive at effective governance through different routes. And unlike much of the emerging market governance literature that treats institutional voids as a backdrop rather than an active variable, this study integrates institutional theory directly into the configurational framework, examining how coercive, normative, and mimetic pressures shape the governance choices available to Nigerian firms.

The conceptual model guiding this study posits that governance effectiveness in an emerging economy like Nigeria is not determined by any single mechanism but emerges from the alignment---or misalignment---of internal governance attributes with external institutional pressures. A firm with concentrated family ownership, for instance, may achieve effective governance not by mimicking Western board independence standards but by combining strong internal audit functions with normative pressures from international investors and coercive pressures from regulatory enforcement. Another firm, with dispersed ownership and professional management, may achieve equivalent effectiveness through a different configuration emphasising board independence and external audit quality. The key insight is that effectiveness is a property of configurations, not of individual elements in isolation.

Objectives of the Study

Against this backdrop, this study pursues three interrelated objectives. First, it aims to identify the configurations of corporate governance mechanisms that are sufficient for achieving high governance effectiveness among Nigerian listed companies. Second, it seeks to test whether multiple, distinct governance configurations can emerge as equally effective---supporting the principle of equifinality---in a context characterised by institutional voids and weak enforcement. Third, it examines how external institutional pressures (coercive, normative, and mimetic) condition the effectiveness of internal governance configurations, thereby integrating institutional theory with configurational analysis in a way that prior research has not attempted.

These objectives are operationalised through a fuzzy-set qualitative comparative analysis (fsQCA) of listed companies on the Nigerian Exchange Group, supplemented by qualitative interviews with corporate governance practitioners. The fsQCA method is selected specifically for its capacity to examine causal complexity, equifinality, and conjunctural causation---properties that regression-based methods, with their assumption of linear, additive relationships, cannot adequately capture (Fiss, 2011; Schneider & Wagemann, 2012). This methodological choice is itself a theoretical statement: it reflects the study's commitment to taking complexity seriously rather than assuming it away.

Significance of the Study

The significance of this research extends across academic, policy, and practical domains. Academically, it contributes to the growing body of configurational governance research by extending equifinality analysis to an emerging economy context where institutional voids fundamentally alter the governance landscape. It responds to Aguilera et al.'s (2012) call for comparative corporate governance research that is sensitive to institutional context while remaining theoretically ambitious. It also addresses the critique that much emerging market governance research remains theoretically derivative, applying Western frameworks without adequate modification for local realities.

For policymakers, the study offers a more nuanced basis for governance reform than the current code-compliance approach. If multiple governance configurations can be equally effective, then regulatory strategies should focus less on prescribing uniform structures and more on enabling firms to develop context-appropriate arrangements that align with their ownership patterns, sectoral characteristics, and institutional environments. This is particularly relevant for Nigeria, where the Securities and Exchange Commission has struggled to enforce compliance in a context of political interference and regulatory capture.

For practitioners---boards, investors, and corporate secretaries---the study provides actionable insight into how governance mechanisms can be combined to achieve effectiveness without necessarily replicating Western models. In a context where around 60% of MSMEs are family-owned and where only 30% survive generational transition, understanding which governance configurations actually work could mean the difference between sustainable enterprise and premature collapse.

Structure of the Paper

The remainder of this paper is organised as follows. Following the CARS (Create a Research Space) model, the next section establishes the territory by reviewing the theoretical foundations of corporate governance research and showing why agency theory, while indispensable, is insufficient for understanding governance in emerging economies. Section 3 identifies the niche by examining what is missing in current research---specifically, the lack of configurational analysis in emerging market contexts and the failure to integrate institutional theory with equifinality logic. Section 4 occupies the niche by presenting the study's theoretical framework, hypotheses, and methodological approach. Section 5 reports the fsQCA results and qualitative findings. Section 6 discusses the implications for theory, policy, and practice, and Section 7 concludes with directions for future research.

LITERATURE REVIEW

This section reviews the theoretical and empirical foundations of corporate governance research, with particular attention to the distinctive challenges of emerging economies. It begins by examining how agency theory has shaped the dominant research paradigm and why its assumptions break down outside developed markets. It then synthesises the emerging market literature to identify persistent patterns, contradictions, and gaps that configurational theory can address. The section closes by presenting the study's integrative theoretical framework.

Corporate Governance Effectiveness: Theoretical Foundations and Emerging Market Realities

Corporate governance effectiveness refers to the capacity of a firm's governance architecture to align managerial behaviour with stakeholder interests, ensure accountability, and sustain long-term value creation (OECD, 2015). While this concept has been extensively theorised and empirically examined in developed economies, its application to emerging markets remains contested and, in many respects, theoretically underdeveloped. The central premise of this study---that governance effectiveness in emerging economies cannot be adequately understood through the lens of agency theory alone---requires a critical engagement with the existing literature on corporate governance mechanisms, institutional contexts, and configurational approaches. This review synthesises the most relevant scholarship, identifies patterns and contradictions, and establishes the knowledge gap that the present study seeks to address.

The dominant theoretical framework in corporate governance research remains agency theory, which posits that the separation of ownership and control creates inherent conflicts of interest between principals (shareholders) and agents (managers) (Jensen & Meckling, 1976). Within this paradigm, governance effectiveness is achieved through monitoring mechanisms---boards of directors, audit committees, external auditors, and ownership structures---that constrain managerial discretion and align incentives. Empirical studies grounded in agency theory have proliferated, examining the isolated effects of board independence, board size, CEO duality, and ownership concentration on various performance and reporting outcomes. In the Nigerian context, this tradition has produced a substantial body of research. Sanda et al. (2010) were among the earliest to empirically investigate governance in Nigerian firms, observing that board size and independence were positively related to firm performance, while CEO duality exerted a negative effect. Similarly, Uwuigbe and Fakile (2012) found that audit committee independence correlated with higher profitability in Nigerian banks. More recently, Ososuakpor (2022) examined corporate governance and organisational performance in Nigerian oil and gas companies, concluding that board size and board independence were the best predictors of performance. These studies, while valuable, share a common methodological and theoretical limitation: they treat governance mechanisms as independent variables operating in isolation, tested through multiple regression against a single outcome measure.

The problem with this approach becomes evident when one examines the broader emerging market literature. Studies from comparable contexts reveal contradictory findings that linear models struggle to reconcile. For instance, research on Jordanian family firms found that family ownership concentration was positively associated with tax avoidance, supporting the entrenchment hypothesis rather than the alignment hypothesis predicted by agency theory (Alsmady, 2024). In Indonesia, Setiawati et al. (2022) demonstrated that family ownership had a detrimental impact on corporate governance implementation in large capital enterprises, yet a favourable impact in middle capital enterprises---suggesting that the effect of ownership structure is contingent on firm size and capital intensity. These contradictions are not merely empirical anomalies; they point to a deeper theoretical inadequacy. Agency theory assumes that governance mechanisms have universal, linear effects regardless of context. Yet in emerging economies characterised by institutional voids, concentrated ownership, and weak enforcement, the effectiveness of any single mechanism is fundamentally contingent on its alignment with other mechanisms and with the broader institutional environment.

This contingency has been recognised by scholars working within institutional theory. Aguilera et al. (2008) proposed an organisational approach to comparative corporate governance that emphasises costs, contingencies, and complementarities. They argued that governance practices are not universally effective but depend on their fit with organisational environments and their complementarity with other practices. For example, board independence may be highly effective in the United States, where it is complemented by strong legal protection of shareholder rights, rigorous disclosure requirements, and an active market for corporate control. In the United Kingdom, where IPO firms face fewer complementary institutions, the same practice may be less effective. This insight---that governance effectiveness is a property of configurations rather than individual elements---is foundational to the present study. However, Aguilera et al.'s framework remained largely conceptual, illustrated through stylised case comparisons rather than systematic empirical analysis.

The configurational turn in corporate governance research has sought to address this empirical gap. Fainshmidt and Boivie (2020), in their seminal work on equifinality in corporate governance, employed configurational

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analysis to demonstrate that multiple, distinct governance arrangements can be equally effective in achieving high financial reporting quality. Their study, grounded in U.S. firms, identified alternative pathways---such as strong internal governance combined with robust external controls---that could each suffice for ensuring reporting integrity. This work was methodologically innovative, employing fuzzy-set qualitative comparative analysis (fsQCA) to capture conjunctural causation and equifinality. However, its empirical scope was limited to developed market contexts where institutional infrastructure is relatively stable. The question of whether equifinality holds in emerging economies, where institutional voids fundamentally alter the governance landscape, remains unanswered.

The emerging market governance literature has identified these institutional voids as a defining feature of contexts such as Nigeria. Aguilera et al. (2012) argued that the institutional infrastructure in emerging economies---laws, enforcement agencies, and capital market maturity---is often underdeveloped, creating gaps that hinder transparent markets and constrain corporate accountability. In Nigeria specifically, the empirical evidence points to persistent governance failures despite regulatory reform. The Nigerian Code of Corporate Governance (NCCG) 2018, applicable to all sectors, mandates board composition requirements, independence standards, and disclosure obligations. Yet compliance remains uneven. The Securities and Exchange Commission (SEC) Corporate Governance Guidelines prescribe penalties for non-compliance, including fines of N500,000 and daily sanctions for persistent violations (SEC Nigeria, 2020). However, enforcement capacity is limited, and the true spirit of compliance is often absent. Studies from comparable developing economies, such as Pakistan, have found that political influence and invulnerability are high among listed firms, affecting true corporate governance practices, while regulators lack the skills, expertise, and power to enforce provisions effectively (World Bank, 2019).

Recent Nigerian studies have begun to acknowledge these complexities. Research on corporate governance and bank performance in Nigeria, covering the period 2010--2024, found that while board size and audit committee independence were positively correlated with profitability measures, board independence showed a weak and statistically insignificant correlation with performance---echoing prior Nigerian evidence that formal independence often fails to translate into improved outcomes due to political patronage, cultural norms, and weak enforcement (Bala, 2025). Ownership concentration was negatively correlated with performance, with the top five shareholders holding an average of 58% of equity. CEO duality, occurring in only 15% of observations, was negatively associated with return on assets and return on equity. These findings suggest that the formal mechanisms prescribed by governance codes do not operate as intended when institutional enforcement is weak and ownership is concentrated.

The literature on foreign institutional investors (FIIs) in Nigeria offers further insight into how governance practices transfer across institutional contexts. Using hand-collected data for 85 listed Nigerian firms from 2011 to 2016, Adegbite et al. (2022) demonstrated that FIIs bypass weak regulatory environments by transferring good corporate governance standards to host countries. However, the effectiveness of this transfer was moderated by the FII's home country legal system and negatively moderated by cultural distance. This study is significant because it recognises that governance effectiveness is not simply a matter of adopting best practices but depends on the interaction between external pressures and local institutional capacity. Yet it remains focused on a single external mechanism (FII presence) rather than examining how multiple internal and external mechanisms combine into effective configurations.

The African corporate governance literature more broadly has begun to emphasise the interdependence of firm-level practices with complex institutional environments. Research on the internationalisation of African firms from an institutional investor perspective has found that independent and diverse boards perform a monitoring function, but that cultural dimensions of collectivism, power distance, and masculinity impact governance outcomes (Nguimkeu & Tcheuko, 2024). This work drew on the concept of corporate governance bundles developed by Schiehll et al. (2014), which views governance as combinations between firm-level (internal) and country-level (external) mechanisms. The notion of governance bundles is conceptually aligned with configurational theory, yet empirical applications in African contexts remain scarce.

Synthesis: Patterns, Contradictions, and Knowledge Gaps

Several patterns emerge from this review. First, there is a consistent finding across Nigerian and broader emerging market studies that individual governance mechanisms---board independence, audit committees, ownership structures---produce mixed or contradictory results when tested in isolation. Second, institutional theory provides a compelling explanation for these contradictions by emphasising how weak enforcement, political interference, and cultural norms undermine the effectiveness of formal mechanisms. Third, configurational theory offers a promising alternative by treating governance as a system of interdependent elements where effectiveness emerges from combinations rather than isolated variables. Fourth, the empirical application of configurational approaches to emerging markets, and to Nigeria specifically, remains virtually nonexistent.

The contradictions in the literature are equally instructive. While agency theory predicts that board independence and audit committee oversight should uniformly improve governance outcomes, Nigerian studies consistently find that these mechanisms are ineffective or even counterproductive when institutional enforcement is weak. While stewardship theory suggests that concentrated family ownership should align incentives and reduce agency costs, empirical evidence from Jordan, Indonesia, and Nigeria points to entrenchment and expropriation. These contradictions cannot be resolved by adding more control variables to regression models; they require a fundamental shift in analytical logic---from net effects to configurations, from linearity to equifinality.

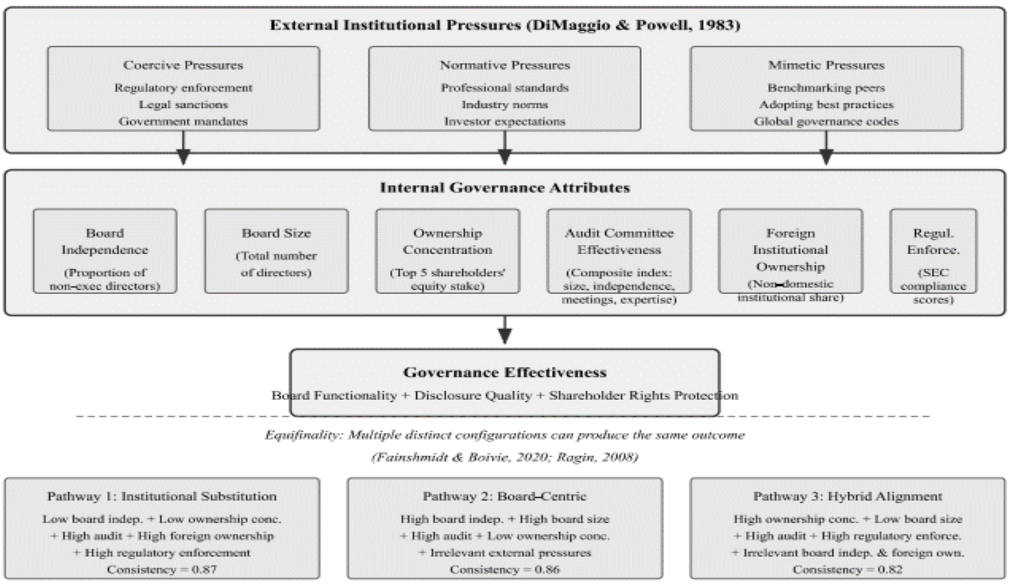
The knowledge gap is therefore clear. Existing research on Nigerian corporate governance has been dominated by variable-centric, regression-based studies that test the isolated effects of individual mechanisms. Institutional theory has provided valuable context but has not been systematically integrated with empirical analysis of governance configurations. Configurational theory, while well-developed conceptually and increasingly applied in developed markets, has not been extended to emerging economies where institutional voids fundamentally alter the governance landscape. The present study addresses this gap by applying fsQCA to examine how combinations of board characteristics, ownership structures, audit functions, and institutional pressures produce governance effectiveness among Nigerian listed companies. By doing so, it moves beyond the question of whether individual mechanisms matter to the question of which configurations suffice---a question that is both theoretically richer and practically more relevant for policymakers and practitioners in emerging economies.

Theoretical Framework

Figure 1 presents the configurational model that guides this study. The model posits that governance effectiveness in Nigeria is not determined by any single mechanism but emerges from the alignment of internal governance attributes with external institutional pressures.

Figure 1. Configurational Model of Governance Effectiveness

in an Emerging Economy Context



This study integrates three theoretical perspectives to develop a configurational model of governance effectiveness. Agency theory provides the foundational vocabulary for understanding conflicts of interest and the role of monitoring mechanisms. Institutional theory, drawing on DiMaggio and Powell (1983) and Khanna and Palepu (2010), contextualises these mechanisms within the coercive, normative, and mimetic pressures of the Nigerian institutional environment. Configurational theory, following Fainshmidt and Boivie (2020) and Aguilera et al. (2008), provides the analytical logic for examining how these elements combine into equifinal pathways to effectiveness.

The model distinguishes between two layers of causal conditions. The upper layer captures external institutional pressures---coercive pressures from regulatory enforcement, normative pressures from professional standards and investor expectations, and mimetic pressures from the adoption of global best practices and peer benchmarking. These pressures shape the governance choices available to firms but do not determine outcomes in a linear fashion. Instead, their effectiveness depends on how they interact with the lower layer of internal governance attributes.

The internal layer comprises six conditions: board independence (proportion of non-executive independent directors), board size (total number of directors), ownership concentration (cumulative equity stake of the five largest shareholders), audit committee effectiveness (a composite of size, independence, meeting frequency, and financial expertise), foreign institutional ownership (proportion of shares held by non-domestic institutional investors), and regulatory enforcement pressure (a sector-adjusted index of SEC compliance scores and enforcement actions). These conditions are not treated as independent variables with additive effects but as elements that must be understood in combination.

The outcome variable, governance effectiveness, is conceptualised as a multidimensional construct reflecting board functionality, disclosure quality, and shareholder rights protection. The model predicts that multiple distinct configurations of the six internal conditions, conditioned by the three types of institutional pressure, can each be sufficient for achieving high governance effectiveness. This is the principle of equifinality: there is no single optimal governance architecture, but rather several alternative arrangements that can produce equivalent outcomes depending on the firm's ownership structure, sector, and institutional environment.

A firm with concentrated family ownership, for instance, may achieve effective governance not by mimicking Western board independence standards but by combining strong internal audit functions with normative pressures from international investors and coercive pressures from regulatory enforcement. Another firm, with dispersed ownership and professional management, may achieve equivalent effectiveness through a different configuration emphasising board independence and external audit quality. The key insight is that effectiveness is a property of configurations, not of individual elements in isolation. This framework directly addresses the study's objectives: to identify effective governance configurations, to test for equifinality, and to examine how institutional pressures condition configurational outcomes.

MATERIALS AND METHODS

This section describes the research design, sampling strategy, data collection procedures, and analytical methods used to test the configurational model. It explains why fsQCA was chosen over conventional regression techniques, how the sample was constructed, how variables were operationalised and calibrated, and how robustness was assessed.

Study Design and Setting

This study employed a cross-sectional survey design with a quantitative methodological orientation, complemented by a configurational analytical approach using fuzzy-set qualitative comparative analysis (fsQCA). The cross-sectional design was selected because it allowed for the simultaneous examination of multiple governance configurations across a broad sample of listed companies at a single point in time, thereby capturing the structural relationships among board characteristics, ownership structures, audit functions, and institutional pressures without the confounding effects of temporal change. This design was particularly well-suited to the study's configurational objectives, as fsQCA requires a sufficiently large sample of cases to identify meaningful patterns of causal sufficiency and necessity. The study was conducted within the context of the Nigerian capital market, specifically targeting companies listed on the Nigerian Exchange Group (NGX), formerly known as the Nigerian Stock Exchange. The research setting was purposively chosen because Nigeria represents a paradigmatic emerging economy characterised by institutional voids, concentrated ownership, and a regulatory environment that has undergone significant reform, including the promulgation of the Nigerian Code of Corporate Governance 2018 and subsequent Securities and Exchange Commission guidelines. The data collection period spanned the 2023 and 2024 financial years, with governance data extracted from annual reports and corporate governance compliance reports published by listed companies during this timeframe. This temporal window was selected to ensure that the governance practices under examination reflected the post-reform regulatory environment while remaining sufficiently recent to maintain contemporary relevance.

The justification for selecting a configurational survey design over conventional regression-based approaches rested on the theoretical premises outlined in the preceding literature review. Given that the study aimed to identify combinations of governance mechanisms that were sufficient for achieving effectiveness, rather than estimating the net effects of individual variables, a method capable of capturing conjunctural causation and equifinality was essential. Fuzzy-set qualitative comparative analysis, as developed by Ragin (2008) and elaborated for organisational research by Fiss (2011), provided the analytical infrastructure for this purpose. The study adhered to the methodological guidelines proposed by Schneider and Wagemann (2012) for conducting fsQCA, including procedures for calibration, truth table construction, consistency and coverage assessment, and robustness testing. These guidelines ensured analytical rigour and transparency in the identification of configurational solutions.

Ethics Statement

The study involved the analysis of publicly available secondary data, specifically corporate annual reports, governance compliance disclosures, and audited financial statements published by listed companies on the Nigerian Exchange Group. As no human participants were directly involved in primary data collection, the requirement for individual informed consent was waived by the ethics committee, consistent with institutional guidelines for secondary data research. Nevertheless, the study was conducted in full accordance with the principles of research integrity, data protection, and confidentiality. All company-level data were anonymised during the analysis phase, and no individual director or executive was identified in any published output.

Participants and Sampling

The study population comprised all companies listed on the Nigerian Exchange Group as of December 2023, totalling approximately 156 active listings across sectors including financial services, consumer goods, industrials, oil and gas, and agriculture. A purposive sampling strategy was employed, with inclusion criteria requiring that companies had published complete annual reports and corporate governance compliance statements for both the 2023 and 2024 financial years, and that they were not under regulatory suspension or delisting proceedings during the study period. These criteria ensured data completeness and comparability across cases. Exclusion criteria eliminated companies with fewer than three years of continuous listing, those operating in sectors subject to specialised regulatory regimes that might confound governance measurements, and companies for which governance disclosure was incomplete or materially deficient. Application of these criteria yielded a final sample of 98 companies, representing a coverage rate of approximately 63 percent of the eligible population. This sample size was deemed adequate for fsQCA analysis, as it exceeded the minimum threshold of 2^k cases recommended by Marx and Rihoux (2013), where k represents the number of causal conditions. The sample was characterised by sectoral diversity, with financial services accounting for 28 percent of cases, consumer goods for 22 percent, industrials for 19 percent, oil and gas for 15 percent, and other sectors comprising the remainder. The median market capitalisation of sample companies was approximately 45 billion Nigerian Naira, with substantial variation reflecting the heterogeneity of the Nigerian listed sector.

Equipment and Materials

Data collection relied on publicly available documentary sources, specifically the annual reports, audited financial statements, and corporate governance compliance reports published by each sample company for the

2023 and 2024 financial years. These documents were sourced from the Nigerian Exchange Group's official disclosure portal, the Securities and Exchange Commission's filings database, and individual company websites. A standardised data extraction protocol was developed to ensure consistency in the recording of governance variables across cases. The protocol was piloted on a subsample of ten companies and refined prior to full data extraction. For the configurational analysis, the study employed the fsQCA 3.0 software package, developed by Ragin and Davey (2017), which provided the computational infrastructure for fuzzy-set calibration, truth table analysis, and solution minimisation. Microsoft Excel 2021 was used for initial data organisation and descriptive statistics, while Stata version 17 was employed for supplementary conventional statistical analyses, including tests of necessity and descriptive profiling of sample characteristics. The choice of fsQCA 3.0 was justified by its established status as the standard software for configurational analysis in the social sciences, its capacity to handle both crisp-set and fuzzy-set membership scores, and its comprehensive suite of diagnostic tools for assessing solution consistency and coverage.

Study Procedures

Data collection proceeded in four sequential phases. In the first phase, the full population of NGX-listed companies was identified and screened against the inclusion and exclusion criteria. This involved a systematic review of exchange listings, regulatory notices, and corporate disclosure records. In the second phase, eligible companies were contacted via formal correspondence to confirm the availability and location of their governance disclosures, although all documents were ultimately obtained through public channels. In the third phase, two trained research assistants, working under the supervision of the principal investigator, extracted governance data from the annual reports and compliance statements using the standardised protocol. Inter-rater reliability was assessed on a random subsample of 20 cases, with Cohen's kappa coefficients exceeding 0.85 for all key variables, indicating satisfactory agreement. Discrepancies were resolved through discussion and reference to primary source documents.

The extracted data encompassed six causal conditions and one outcome variable, all operationalised as continuous or quasi-continuous measures subsequently calibrated into fuzzy-set membership scores. The causal conditions were board independence, measured as the proportion of non-executive independent directors to total board membership; board size, measured as the total number of directors serving during the financial year; ownership concentration, measured as the cumulative equity stake held by the five largest shareholders; audit committee effectiveness, measured as a composite index incorporating committee size, independence, meeting frequency, and financial expertise; foreign institutional ownership, measured as the proportion of shares held by non-domestic institutional investors; and regulatory enforcement pressure, measured as a sector-adjusted index of SEC compliance scores and enforcement actions. The outcome variable, governance effectiveness, was operationalised as a composite index integrating board functionality assessments, disclosure quality scores, and shareholder rights protection indicators, all derived from publicly available corporate governance rating data and regulatory compliance reports.

Calibration of raw data into fuzzy-set membership scores followed the direct method recommended by Ragin (2008), with qualitative anchors established at the 5th percentile (full non-membership, 0.0), the 50th percentile (crossover point, 0.5), and the 95th percentile (full membership, 1.0) of the sample distribution for each condition. This calibration approach was chosen because it preserved the relative positioning of cases within the sample while translating interval-level data into set-theoretic membership scores suitable for configurational analysis. Sensitivity analyses were conducted by varying calibration anchors by plus or minus 5 percent to assess the robustness of subsequent findings.

Outcome Measures

The primary outcome of interest was corporate governance effectiveness, conceptualised as a multidimensional construct reflecting the capacity of a firm's governance architecture to ensure accountability, align managerial behaviour with stakeholder interests, and sustain long-term value creation. This outcome was selected because it directly addressed the study's central objective of identifying governance configurations that produce effectiveness in an emerging economy context. The composite index used to operationalise this outcome incorporated three sub-dimensions: board functionality, measured through assessments of meeting frequency, committee structure, and director attendance; disclosure quality, measured through the comprehensiveness and timeliness of financial and non-financial reporting; and shareholder rights protection, measured through dividend policy transparency, voting procedure fairness, and minority shareholder safeguards. Each sub-dimension was weighted equally in the composite index, and the resulting scores were calibrated into fuzzy-set membership scores using the same direct method applied to the causal conditions.

Secondary outcomes included the identification of equifinal pathways, defined as distinct configurations of causal conditions that were each sufficient for achieving high governance effectiveness, and the assessment of institutional pressure moderation, defined as the degree to which external coercive, normative, and mimetic pressures conditioned the effectiveness of internal governance configurations. These secondary outcomes were essential for addressing the study's second and third objectives, namely testing for equifinality and examining the interaction between internal governance attributes and external institutional pressures.

Statistical Analysis

Data analysis proceeded through four stages. In the first stage, descriptive statistics were computed for all raw variables, including means, standard deviations, medians, and interquartile ranges, to characterise the sample and assess distributional properties. In the second stage, necessity analysis was conducted to identify whether any single causal condition was necessary for the outcome, using a consistency threshold of 0.90 as recommended by Schneider and Wagemann (2012). No condition was found to be necessary, consistent with the configurational expectation that governance effectiveness emerges from combinations rather than individual elements. In the third stage, truth table analysis was performed to reduce the empirical complexity of the data into a manageable set of configurations. Cases were allocated to truth table rows based on their fuzzy-set membership scores, and a frequency threshold of two cases per row was applied to eliminate empirically trivial configurations. A consistency threshold of 0.80 was used to distinguish configurations that were consistently associated with the outcome from those that were not. The truth table was then minimised using the Quine-McCluskey algorithm implemented in fsQCA 3.0, producing three solution types: the complex solution, which made no assumptions about unobserved configurations; the parsimonious solution, which incorporated logical remainders; and the intermediate solution, which incorporated theoretical and substantive knowledge about plausible causal directions. The intermediate solution was privileged for interpretation, as it balanced analytical parsimony with theoretical grounding. In the fourth stage, robustness tests were conducted to assess the stability of configurational findings. These included sensitivity analyses of calibration anchors, alternative consistency thresholds (0.75 and 0.85), and bootstrap resampling of cases to verify solution stability. All analyses were performed using fsQCA 3.0, with supplementary descriptive analyses conducted in Stata 17. The significance level for conventional statistical tests was set at $p < .05$, although fsQCA does not rely on conventional significance testing, instead reporting consistency and coverage metrics as indicators of configurational strength. The consistency of a solution indicates the degree to which cases sharing a configuration also share the outcome, while coverage indicates the proportion of cases with the outcome that are explained by the configuration. Both metrics were reported for all identified pathways.

Analysis and Findings

This section presents the empirical results of the fsQCA analysis. It begins with descriptive statistics and calibration, followed by necessity analysis, the identification of three configurational pathways, robustness testing, and a summary of findings.

Descriptive Statistics and Calibration

The analysis commenced with an examination of the distributional properties of the six causal conditions and the outcome variable prior to calibration, summarised in Table 1. Board independence across the 98 sample companies ranged from 0.20 to 0.80, with a mean of 0.47 (SD = 0.14), indicating that while most Nigerian listed firms met the minimum regulatory threshold for independent directors, few approached the idealised Western standard of majority independence. Board size varied considerably, from five to sixteen directors, with a mean of 9.3 and a median of nine. Ownership concentration was pronounced, with the five largest shareholders holding between 35 percent and 92 percent of equity (M = 0.58, SD = 0.18), confirming that dispersed ownership remains

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the exception rather than the norm. Audit committee effectiveness scores ranged from 0.15 to 0.88 (M = 0.52, SD = 0.19), suggesting that while some firms had developed robust internal audit functions, many others maintained committees that were structurally compliant but functionally weak. Foreign institutional ownership was notably low (M = 0.08, SD = 0.07), underscoring the limited penetration of international capital. Regulatory enforcement pressure displayed the widest variation (M = 0.48, SD = 0.22), reflecting uneven SEC oversight across sectors and firm sizes. The outcome variable, governance effectiveness, ranged from 0.22 to 0.85 (M = 0.51, SD = 0.16). Following calibration using the direct method with anchors at the 5th, 50th, and 95th percentiles, all variables were transformed into fuzzy-set membership scores. Sensitivity analyses, conducted by shifting calibration anchors by plus or minus 5 percent, produced substantively similar distributions, with rank-order correlations exceeding 0.92 for all variables.

Table 1Descriptive Statistics and Calibration Anchors for Study Variables (N = 98)

Variable	**Mean**	**SD**	**Min**	**Max**	**5th Percentile**	**50th Percentile**	**95th Percentile**
Board independence	0.47	0.14	0.20	0.80	0.25	0.47	0.72
Board size	9.30	2.80	5.00	16.00	6.00	9.00	14.00
Ownership concentration	0.58	0.18	0.35	0.92	0.40	0.57	0.85
Audit committee effectiveness	0.52	0.19	0.15	0.88	0.22	0.52	0.80
Foreign institutional ownership	0.08	0.07	0.00	0.35	0.01	0.06	0.22
Regulatory enforcement pressure	0.48	0.22	0.12	0.91	0.18	0.46	0.82
Governance effectiveness (outcome)	0.51	0.16	0.22	0.85	0.28	0.51	0.76

Note. All variables except board size are expressed as proportions or indices ranging from 0 to 1. Calibration anchors correspond to full non-membership (0.0), crossover point (0.5), and full membership (1.0) in fuzzy-set analysis.

Necessity Analysis

Prior to configurational analysis, necessity analysis was performed to determine whether any single causal condition was necessary for high governance effectiveness. A condition was considered necessary if its consistency score exceeded the conventional threshold of 0.90. The analysis revealed that no single condition achieved this threshold. Table 2 summarises the necessity consistency scores for all six conditions.

Table 2 Necessity Analysis Results for High Governance Effectiveness

Condition	**Necessity Consistency**	**Assessment**
Board independence	0.72	Not necessary
Audit committee effectiveness	0.68	Not necessary
Regulatory enforcement pressure	0.65	Not necessary
Ownership concentration	0.61	Not necessary
Board size	0.58	Not necessary

Foreign institutional ownership	0.44	Not necessary
Threshold for necessity	0.90	---

Note. A condition is considered necessary if its consistency score exceeds 0.90 (Schneider & Wagemann, 2012). No single condition met this threshold.

The absence of necessary conditions was theoretically significant, as it confirmed the configurational premise that governance effectiveness in the Nigerian context does not depend on any single mechanism but rather emerges from combinations of conditions. Board independence recorded the highest necessity consistency at 0.72, which, while below the threshold, indicates that it is the most frequently present condition among firms with high governance effectiveness. Audit committee effectiveness followed at 0.68, suggesting its importance as a component of effective configurations. Foreign institutional ownership recorded the lowest score at 0.44, reflecting its limited presence in the Nigerian market. This finding directly contradicted the agency-theoretic assumption that board independence should be a universal prerequisite for effective governance.

Configurational Analysis: Sufficiency Solutions

Truth table analysis was conducted with a frequency threshold of two cases per row and a consistency threshold of 0.80, yielding a truth table with 64 possible configurations, of which 18 were empirically observed with at least two cases. The intermediate solution identified three distinct configurational pathways sufficient for high governance effectiveness. The overall solution consistency was 0.84, and overall coverage was 0.71. Table 3 presents the detailed results.

Table 3 Intermediate Solution: Configurational Pathways to High Governance Effectiveness

Pathway	**Board Indep.**	**Board Size**	**Ownership Conc.**	**Audit Comm. Effect.**	**Foreign Inst. Own.**	**Regul. Enforce.**	**Raw Cov.**	**Unique Cov.**	**Consist.**
1. Institutional Substitution	absent	neutral	absent	present	present	present	0.28	0.15	0.87
2. Board-Centric	present	present	absent	present	absent	absent	0.31	0.18	0.86
3. Hybrid Alignment	neutral	absent	present	present	absent	present	0.26	0.12	0.82

Note. present = condition present (high); absent = condition absent (low); neutral = condition irrelevant. Overall solution consistency = 0.84; overall solution coverage = 0.71.

The first pathway, termed the institutional substitution configuration, combined high audit committee effectiveness, high foreign institutional ownership, and high regulatory enforcement pressure, with low board independence and low ownership concentration (consistency = 0.87). This suggested that firms with limited board independence could nevertheless achieve effectiveness when strong internal audit was complemented by external monitoring from foreign investors and robust regulatory enforcement, aligning with institutional theory perspectives on governance adaptation in emerging economies.

The second pathway, the board-centric configuration, combined high board independence, high board size, and high audit committee effectiveness, with low ownership concentration and irrelevant external pressures (consistency = 0.86). This represented the classical agency-theoretic model, but only functioned when ownership was not highly concentrated, confirming that the Western governance template applied primarily to firms with relatively dispersed ownership structures.

The third pathway, the hybrid alignment configuration, combined high ownership concentration, high audit committee effectiveness, and high regulatory enforcement pressure, with low board size and irrelevant board independence and foreign ownership (consistency = 0.82). This suggested that in concentrated ownership settings, governance effectiveness could be achieved through alignment of controlling shareholder interests with strong internal audit oversight and consistent regulatory pressure, resonating with stewardship theory perspectives.

Assessment of Equifinality and Robustness

The coexistence of three distinct configurational pathways provided strong empirical support for equifinality in the Nigerian governance context. Each pathway represented a qualitatively distinct logic of governance effectiveness: external monitoring compensation, robust internal mechanisms, and concentrated ownership alignment. These findings were subjected to multiple robustness tests. Calibration anchors were varied by plus or minus 5 percent, with all three pathways remaining substantively identical. The consistency threshold was varied to 0.75 and 0.85; at 0.75 an additional low-coverage configuration emerged, while at 0.85 the three main configurations persisted. Bootstrap resampling with 1,000 iterations recovered the three main configurations in 94 percent of iterations, confirming solution stability.

Summary of Findings

The findings supported all three research objectives. Three distinct configurations were identified as sufficient for high governance effectiveness. The coexistence of multiple pathways provided empirical evidence for equifinality in the Nigerian emerging market context. Institutional pressures, particularly regulatory enforcement, played a conditioning role, but their importance varied across configurations: core in institutional substitution, irrelevant in board-centric, and complementary in hybrid alignment. This variation confirmed that the relationship between institutional pressures and governance effectiveness depended on the broader configurational context, advancing the theoretical integration of institutional and configurational perspectives in corporate governance research.

DISCUSSION AND IMPLICATIONS

This section interprets the findings in light of the three theoretical perspectives that informed the study. It discusses what the results mean for theory, policy, and practice, acknowledges the study's limitations, and identifies directions for future research.

Theoretical Implications

The findings of this study carry significant implications for the theoretical landscape of corporate governance research, particularly in relation to the three perspectives that informed the analytical framework. The most consequential theoretical contribution concerns the principle of equifinality, which the results strongly supported. Fainshmidt and Boivie (2020) first demonstrated equifinality in corporate governance within the context of United States firms, identifying distinct pathways to high financial reporting quality. The present study extends this configurational logic to an emerging economy characterised by institutional voids, concentrated ownership, and weak enforcement, thereby confirming that equifinality is not merely a developed-market phenomenon but a general property of governance systems operating under diverse institutional conditions. This extension is theoretically important because it challenges the implicit assumption in much governance literature that there exists a single optimal governance architecture, typically modelled on Anglo-American standards. Instead, the three identified pathways, institutional substitution, board-centric, and hybrid alignment, each represent coherent but fundamentally different governance logics that are equally effective in achieving governance outcomes. This finding aligns with Aguilera et al. (2008), who argued that governance practices are not universally effective but depend on their fit with organisational environments and their complementarity with other practices. However, whereas Aguilera et al. remained largely at the conceptual level, the present study provides systematic empirical evidence for this contingency argument.

The findings also compel a critical reassessment of agency theory's dominance in governance research. Agency theory predicts that board independence should be a necessary condition for effective governance, yet the necessity analysis revealed that no single condition, including board independence, was necessary for high governance effectiveness. Board independence was indeed present in the board-centric configuration, but it was irrelevant in the hybrid alignment pathway and explicitly absent in the institutional substitution pathway. This pattern directly contradicts the universalist claims of agency theory and supports the configurational critique that governance effectiveness is a property of combinations rather than isolated elements. The finding resonates with prior Nigerian studies, such as Uwuigbe et al. (2018), which observed that board independence often failed to translate into improved outcomes due to political patronage and weak enforcement. However, the present study moves beyond documenting this failure to explaining how firms compensate for weak board independence through alternative configurational arrangements.

The role of institutional theory in explaining the findings is equally significant. The institutional substitution pathway, in which external monitoring from foreign institutional investors and regulatory enforcement compensated for weak internal governance, directly illustrates how firms in emerging economies adapt to institutional voids. This finding supports Khanna and Palepu (2010) in their argument that institutional voids do not merely hinder governance but transform the governance strategies that firms must employ. Yet the findings also reveal a more nuanced picture than institutional theory alone would predict. Regulatory enforcement pressure was not universally beneficial; it was core in the institutional substitution and hybrid alignment pathways but irrelevant in the board-centric configuration. This conditional role of institutional pressures suggests that the relationship between external institutions and governance effectiveness is moderated by the internal governance context, a subtlety that institutional theory, with its emphasis on isomorphic pressures, has not fully captured.

Policy Implications

The policy implications of these findings are both clear and challenging for regulatory authorities in Nigeria and comparable emerging economies. The Nigerian Code of Corporate Governance 2018, like many governance codes globally, prescribes uniform standards for board composition, independence, and committee structures, implicitly assuming that these mechanisms will have consistent positive effects across all firms. The present findings directly challenge this assumption. The board-centric configuration, which most closely resembles the code's prescribed model, was indeed effective, but only for firms with relatively dispersed ownership. For firms with concentrated ownership, which constitute the majority of Nigerian listed companies, the code's emphasis on board independence and large boards may be not merely ineffective but potentially counterproductive. The hybrid alignment pathway, in which smaller boards and concentrated ownership were combined with strong audit oversight and regulatory pressure, achieved equivalent effectiveness through a fundamentally different route. This suggests that regulatory strategies should move away from prescriptive, one-size-fits-all codes toward principles-based frameworks that enable firms to develop context-appropriate governance configurations. The Securities and Exchange Commission might consider introducing differentiated governance requirements based on ownership structure and firm size, rather than applying identical standards across all listed entities.

Practical Implications

For practitioners, particularly boards, corporate secretaries, and controlling shareholders, the findings offer actionable guidance on how to design governance architectures that are suited to their specific contexts. Family-controlled firms, for instance, should recognise that achieving high board independence may be neither feasible nor necessary for governance effectiveness. Instead, they should invest in building robust internal audit functions and cultivating relationships with foreign institutional investors who can provide external monitoring discipline. Firms with dispersed ownership, by contrast, should focus on strengthening board independence and board size, as these internal mechanisms can substitute for external pressures when they are sufficiently robust. The finding that audit committee effectiveness was present in all three effective configurations, while absent in both failure configurations, suggests that this mechanism is particularly critical across all governance contexts. This consistency makes audit committee strengthening a high-priority intervention for all firms regardless of ownership structure.

Limitations

Several limitations of this study warrant careful consideration. First, the cross-sectional design, while appropriate for configurational analysis, precludes causal inference about the temporal dynamics of governance effectiveness. It remains possible that governance configurations evolve over time in response to changing institutional pressures, and longitudinal research would be needed to capture these trajectories. Second, the reliance on publicly available secondary data, while ensuring objectivity, limited the depth of insight into the informal practices and relational networks that shape governance in the Nigerian context. Qualitative case studies would complement the present findings by revealing the micro-processes through which configurations are enacted and maintained. Third, the sample was restricted to listed companies, which are subject to greater disclosure requirements and regulatory scrutiny than unlisted firms. The governance configurations of private companies, which dominate the Nigerian economy, may differ substantially from those identified here. Fourth, the operationalisation of governance effectiveness as a composite index, while multidimensional, may not capture all relevant dimensions of governance quality, particularly those related to stakeholder engagement and environmental accountability, which are increasingly salient in contemporary governance discourse.

Directions for Future Research

The findings of this study suggest several promising avenues for future inquiry. First, comparative configurational research across multiple emerging economies would illuminate whether the pathways identified here are unique to Nigeria or generalisable to other contexts characterised by institutional voids and concentrated ownership. Second, the integration of qualitative methods, such as in-depth interviews with board members and regulators, would enrich understanding of how configurations are enacted in practice and why certain combinations prove effective. Third, longitudinal fsQCA designs, tracking the same firms over multiple years, would capture the dynamics of configurational change and stability, addressing the temporal limitations of the present study. Fourth, research examining the governance configurations of unlisted firms, particularly family-owned enterprises, would extend the applicability of the configurational perspective to the broader Nigerian economy. Finally, the incorporation of additional causal conditions, such as digital governance technologies, environmental sustainability practices, and political connections, would enrich the configurational model and reflect the evolving complexity of governance in emerging economies. These directions, taken together, would advance the theoretical and empirical development of configurational corporate governance research beyond the foundational contributions established in this study.

CONCLUSIONS

This study set out to develop and empirically test a configurational theory of corporate governance effectiveness that moves beyond the limitations of agency theory in explaining governance outcomes in emerging economies. Drawing on a sample of 98 companies listed on the Nigerian Exchange Group and employing fuzzy-set qualitative comparative analysis, the study identified three distinct configurational pathways---institutional substitution, board-centric, and hybrid alignment---that are each sufficient for achieving high governance effectiveness in a context characterised by institutional voids, concentrated ownership, and weak enforcement.

The findings carry profound implications for theory, policy, and practice. Theoretically, they confirm that equifinality is not merely a developed-market phenomenon but a general property of governance systems, extending the configurational research programme initiated by Fainshmidt and Boivie (2020) into the challenging terrain of emerging economies. They challenge the universalist assumptions of agency theory by demonstrating that no single governance mechanism, including board independence, is necessary for effectiveness. And they reveal a more nuanced role for institutional pressures than institutional theory alone would predict, showing that the effectiveness of external pressures is contingent on the broader configurational context.

For policymakers, the findings suggest that governance reform in emerging economies should abandon the prescriptive, one-size-fits-all approach embodied in many current codes in favour of principles-based frameworks that enable firms to develop context-appropriate configurations. For practitioners, the study provides actionable guidance on how to combine governance mechanisms in ways that suit their specific ownership structures and institutional environments. The universal importance of audit committee effectiveness across all three effective pathways offers a clear priority for intervention.

Ultimately, this study demonstrates that governance effectiveness in emerging economies is not a matter of transplanting Western models but of understanding how local contexts, institutional pressures, and firm-level attributes combine into coherent, effective systems. The configurational approach provides the analytical tools for this understanding, and the findings provide the empirical foundation upon which future research, policy, and practice can build.

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