



EFFECT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE OF LISTED INSURANCE COMPANIES IN NIGERIA

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Abstract

This study examined corporate governance and insurance sector performance in Nigeria. The study specifically assessed the effect of board size, corporate governance development index, board independence and CEO duality on the return on equity of 12 insurance companies for the period 2010 to 2019. Data were sourced from the annual reports of the selected quoted insurance companies in Nigeria. The study adopted the ex-post facto research design. Data collected were visualized using the Excel software. The correlation matrix was used to assess the strength of the relationship among the variables of the study. The estimating technique was the panel least square multiple regression technique using the SPSS software, Findings from the analyses showed corporate governance development index, board size and board independence had positive and significant effect on the performance of insurance sector in Nigeria. Lastly, CEO duality had insignificant positive effect on the return on equity of insurance companies in Nigeria. Relying on the above findings, the study recommended that the independence of the board should be promoted through the conscious adoption and application of corporate code by insurance companies as this is required to sustained enhanced earnings. Also, board size should be carefully determined considering the size of the insurance firm, the experiences of board members and the skills and competences require within the firms, as this is necessary to enhance the decisions of the board to enhance operations and earnings and lastly insurance companies should invest adequately in risk management through internal control operations so that no single staff initiates a transaction from start to finish as this will reduce opportunistic behaviour for enhanced returns.

Keywords: Corporate Governance, financial Performance, Insurance Companies, Annual Report.

1.0 Introduction

The concept of corporate governance became popular following the failure of corporate institutions both in developed and developing countries and the attendant financial crisis that it brought to shareholders and creditors alike. The collapse of large companies in the international scene, such as Parmalat, Enron,

Bank of Credit and Commercial International (BCCI), Rank Xerox and the large-scale crisis that rocked the Asian and African financial institutions can be attributed to several factors such as increased agency problems, non-adherence to corporate governance codes and weak financial and prudential regulations. According to SEC

(2004), Nigeria was not excused from corporate failures as exemplified in banks such as Abacus Merchant Bank Nig. Ltd, Allied Bank Limited, Societe Generale Bank, Savanah Bank, Royal Merchant Bank Limited, and Progress Merchant Bank Plc that failed as a result of unhealthy business practices and competition. Also, insurance firms were not exempted from failure as most of them were wounded up; others were either acquired or merged to consolidate their performance. This rather did not augur well with the insurance sector (SEC, 2004). This necessitates the establishment of National Insurance Commission (NAICOM) in 1997 under the insurance Act of 1961 as a regulatory body to promote the quality and efficiency of the insurance industry and reduce or eliminate unprofessional practices within the sector, for the benefit of both the actual and potential insured clients and the national economy at large.

An effective insurance regulation and system of corporate governance within the insurance sector was required to impose both standards of conduct and facilitate compliance by insurers to appropriate procedures of internal controls to maximize opportunities for pooling funds from many insured entities to settle prespecified losses. Corporate governance weakness is perhaps the most important factor blamed for the Nigerian insurance industry stagnancy in terms of operation and performance. Other specific contributory factors include: concentration of ownership and control of few individuals, lack of transparency and accountability, difference between the board and management in their responsibilities. Considerable numbers of researchers have used these specific corporate governance factors to examine firm performance in the banking, oil and manufacturing sectors in developed and emerging economies of the

world like Nigeria. Prominent among these studies are De Haan and Vlahu (2016), Stancic, Cupic and Obradovic (2014), Farag and Mallin (2017) Huang, Lai and McNamara (2011), Hsu, Huang and Lai (2015) and Adams and Jiang (2018), Aribaba and Ahmodu (2017) and Yensu, Osei and Atuilik (2017).

Most of these studies were carried out in the banking, oil and manufacturing sector, and their findings were mixed. The study on corporate governance and firm performance using insurance sector is not prominent in Nigeria. Furthermore, studies where corporate governance is measured using transparency, board independence, board size and board duality on insurance firm performance in Nigeria are scarce, thus a gap exist in the literature which this study intends to bridge.

1.1 Objectives of the study

The main objective of this study is to examine the effect of corporate governance on insurance sector performance in Nigeria. The specific objectives of this study are::

- i.)To assess the effect of corporate governance development index on the return on equity of insurance companies in Nigeria
- ii) To examine the effect of board independence on the return on equity of insurance companies in Nigeria
- iii) To ascertain the effect of board size on the return on equity of insurance companies in Nigeria

1.2 Research hypotheses

The following hypotheses will be drawn from the above research questions:

H0₁: Corporate Governance Development index does not have any significant effect on the return on equity of insurance companies in Nigeria

H0₂: Board independence does not have any significant effect on the return on equity of insurance companies in Nigeria

H0₃: Board size does not have any significant effect on the return on equity of insurance companies in Nigeria

2.0 Literature review

2.1 Theoretical framework

This study reviews three theories of corporate governance and performance. The theories to be reviewed include the agency theory, the upper echelon theory and stakeholders' theory. It is important to state that this study will be anchored on the agency theory because its assumptions clearly establishes the a priori expectation for this study.

2.1.1 Agency theory

This theory was put forth by Jensen and Meckling (1976) in an attempt to explain the separation of ownership and control in corporations. It views the firm as an interrelated set of contracting relationship among individuals. The theory holds the assumption that both parties of the contract relationship will act to maximize their utility by using the information available to them. In the agency theory, there is a principal who hires an agent to perform a task that the principal is unable to do. In this case, the principal and the agent are the parties in the theory. In the context of corporations, the principals are the shareholders of a company who delegate work to the agents who in this case are the management. Another assumption of the theory is that the both the principal and the agent are motivated by self-interest. An assumption that implies that if both parties are driven by self-interest, agents are more likely to pursue self-interested aims that are deviant with the goals of the principal

despite the fact that agents are to act in the sole interest of their principles.

Agency theory governs modern corporations which are characterized by large number of shareholders who allow separate individuals to control and direct the use of their collective capital for future gains. It offers many useful ways of examining the relationship between owners and manager and verify how the corporate objective of maximizing returns to the owners can be achieved. Shareholders in today's corporations may not always own shares but may possess relevant and needed professional skills in the management of the firm. Other theorists in developing the agency theory have suggested ways of minimizing the potential of agency problems. Jensen (1983) suggests two ways. First, he suggested efficient design of the principal - agent risk bearing mechanism and secondly the monitoring of the developed design through nexus of organizations contracts. The inevitable loss of firms' value arising from the agency problem along with the monitoring and bonding costs are known as agency costs.

The idea behind agency theory is based on the idea that in a modern corporation, the separation of ownership and management leads to agency costs associated with resolving the conflict between the owners and the agents (Berle & Means, 1932; Jensen and Meckling, 1976). The implication of this and the agency theory in general is that management cannot be trusted, thereby calling for strict monitoring by the Board in order to protect shareholders' interest. The main concern of Agency Theory therefore, is effective monitoring which is achieved when Board have majority of outside and ideally independent directors. The position of

Chairman and CEO should be held by different persons.

2.1.2 Upper echelon theory

The Echelon theory was first put forth by Finkelstein and Hambrick (1996). The central premise of the theory is that top executives in organizations analyze the opportunities, threats, alternatives and likelihoods of various outcomes of their activities. These individualized construals of strategic situations arise because of executives' experiences, values, personalities and other human factors. Thus, according to the theory, organizations become reflections of their top executives.

Proponents of the theory hypothesized that strategic choices cannot be separated from inherent demographic characteristics of decision makers. While most studies on corporate executives and corporate strategy have emphasized more on CEO and/or Top Management Teams (TMT), this study follows Finkelstein and Hambrick's (1996) suggestion that research needs to extend to board of directors because boards of directors have a significant influence in strategic decisions of the firm. Boards of directors provide advisory roles, and play a major role in reviewing, approving, and facilitating strategic decisions. Golden and Zajac (2001) argues that demographic features of board of directors may influence the inclination of the company in terms of financial performance. This is particularly important because corporate governance will require the involvement of the board; in terms of advising, review, and approval of strategic decisions.

Hambrick and Mason (1984) hypothesizes that demographic characteristics of decision makers partially predict their strategic orientations. It

proposes that organizational outcomes are related to top level decision makers possessing particular demographic profiles, and so „if you want to understand why organizations do the things they do, or why they perform the way they do, we must consider the biases and dispositions of the most powerful actors- their top executives. The core assumption of Hambricks and Manson's (1984) perspective is the belief that demographic characteristics of corporate executives serve as surrogates for their cognitive orientation, beliefs, values, perceptions and knowledge base, with implications for financial performance. According to Hambricks and Manson's (1984), executives act based on their personalized interpretations of a given strategic situations they are confronted with, and the personalized interpretations are a function of their experiences, values, beliefs and personalities.

The implication of this theory to organizations is that the actions of top management determine the development of the organization through preferences, behavior and abilities intertwined in their strategic choices. Top managers should therefore bring to organizations a set of values and beliefs that to their formal roles that represent the means through which understanding and action are embedded within established corporate and social worlds.

2.1.3 Stakeholder theory

The stakeholder theory evolved from the agency theory, it was propounded by Edward Freeman in 1984. The agency theory sees any modern organization as an aggregation of the interactions between the principals and their agents. The principals are the shareholders who are the owners of the entity while the agents are the managers who

are usually the experts with control over the day-to-day affairs of the entity. This relationship, as is observed by analysts, creates information asymmetry with the managers having information advantage. This creates the need for proper monitoring which has brought to the fore role of the auditor, who is required to provide an independent examination of the affairs of the entity so as to be able to express an opinion on the financial statements of the entity. Such expressed opinion by the auditor is basis for “faith” and “confidence” in the financial statements.

The stakeholder theory is a natural extension of the agency theory. The theory holds that every entity involves the interactions of more than the principals and their agents. Such relationships will also involve the interaction of everyone with a stake in the affairs of the entity: the host community, creditors, bankers, government and others. This means that there is greater information demand on the entity; this therefore places greater demands on the auditor to ensure the representativeness of the financial statements (Freeman, 1984).

2.2 Conceptual framework

This study develops a framework based on the agency theory of Jensen and Meckling (1976) to assess the effect of corporate governance on the performance of insurance businesses in Nigeria. From the framework, a well constituted board will enhance insurance sector governance which will further enhance the sectors’ performance. A well constituted board with adequate size, corporate governance index, independent and well-focused would translate into good corporate policies with adequate implementation timelines which will culminate into enhanced corporate

performance. The conceptual framework therefore will be presented thus.

2.2.1 Concept of corporate governance

The concept of corporate governance is very wide considering the way and manner it has penetrated the minds of numerous researchers. Thus, the concept has various definitions from the accounting, economic, political and legal points of view. Despite these, corporate governance can be broadly divided into at least two; the narrow and the broad view. The narrow view which is referred to as Anglo-Saxon is concerned with the structures within which corporate enterprise receive its basic orientation and direction (Adekoya, 2012). The proponents of the narrow view consider the interest of the shareholders, issues relating to shareholder’s protection, management control and the popular principal-agency problem of economic theory are given prominent attention. They affirmed that corporate governance deals with the relationship between corporate managers and shareholders. They also posited that providers of finance have a unique relationship to the firm as they allow their investment to be placed at risk, (Jensen & Mackling, 1976) while the productive asset they finance remains the property of the corporation.

The second category consists of the proponents of the broader view referred to as Franco-German which is also said to be the heart of both market economy and a democratic society (Adekunle & Aghedo, 2014). The Franco-German considers the interest of the stake holders, that is, the shareholders, managers, directors, creditors, customers, society, government and legal authorities/agents.

Corporate governance can also be as the act of at safeguarding the interest of stakeholders as they ensure that all parties interested in the wellbeing of the firm attempts to ensure that managers adopt mechanism that safeguards the interest of stakeholders (Coles, Daniel, & Naveen, 2008). According to Buallay, Hamdan, & Zureigat (2017), a shared definition of corporate governance, which is both valuable and consistent, is not easy to find and corporate governance definitions are often unclear, inconsistent, or partial and subjective. He thus went further to define corporate governance as the set of criteria and tools necessary to assure steady value creation in continuity and guarantee strategic effectiveness and operational efficiency to an organization, in compliance with the rules, and in his paper, he gave the first step the Organization for Economic Cooperation and Development (OECD 2005) took to defines corporate governance Corporate Governance is affected by the relationships among participants in the governance system. Controlling shareholders, which may be individuals, family holdings, bloc alliances, or other corporations, acting through a holding corporation or cross shareholdings, can significantly influence corporate behavior.

Corporate Governance is only part of the larger economic context in which firms operate, which includes, for examples, macroeconomic policies and the degree of competition in product and factor markets. The Corporate Governance framework also depends on the legal, regulatory, and institutional environment. In addition, factors such as business ethics and corporate awareness of the environmental and societal interests of the communities in which it operates can also have an impact on the

reputation and long-term success of a corporation.

According to Daily and Dalton (1992), corporate governance is the system by which companies are directed and managed. It influences how the objectives of the companies are set and achieved, how risk is monitored and assessed, and how performance is optimized. A good Corporate Governance structure encourages companies to create value through entrepreneurship, innovation, development and exploration and provide accountability and control systems commensurate with the risk involved.

The Commonwealth Business Forum representing the private and state-owned corporate sector emphasized the significance of corporate governance in 1997. A resolution was passed by the forum to the effect that capacity should be established in every Commonwealth country to create or reinforce institutions to promote best practice in corporate governance; in particular, codes of good practice establishing standards of behavior in the public and private sector should be agreed to secure greater transparency and to reduce corruption. However, in spite of these emphases, the corporate governance codes of best practice that were laid down but not strictly adhered to, led to a series of systemic collapse and financial crises around the world. During this period companies and banks in Nigeria record earnings, apparently, many also reported earnings that existed only briefly on their accountants' ledgers (Julia, 1998).

For a business to effectively and efficiently progress good corporate governance principles need to be inculcated into the way and manner the activities of the enterprise are carried out. To achieve this, the organization must play a very significant role in encouraging the managers to exercise their rights by effectively communicating

transparent, understandable and accessible information to the shareholders. Unfortunately, this is hardly the case as managers tend to abuse the latitude of choice by hiding under the cover of creative accounting to manipulate figures through window dressing or smoothing income, which is called earnings management- the practice of using accounting tricks to mask a firm's true operating performance (Liewellyn, 1998). The quality of earnings is usually assessed from the financial reports while publicly reported accounting information can be used as important input information in various corporate governance mechanisms (Bushman and Smith, 2001). The codes of corporate governance came up to solve the problems as it has address issues of BOD, shareholders, audit committee Board Size (BS), Board Composition (BC), Power Separation (PS), Audit Committee (AC), Institutional Ownership (IO), Managerial Ownership (MO), Institutional Shareholdings (IS).

2.2.2 Concept of board size

Board size is the total number of directors on corporate board. The average size of board varies among companies and across countries. According to Ayogu (2001), the average board size in Europe is around thirteen. The agency model suggests that as board size becomes large, the agency problem related to free rider cost increases, therefore, the board becomes more symbolic and less a part of the management process (Ayogu, 2005). Thus, larger boards were found to be characterized by the decreased ability of directors to criticize top managers and to analyze and discuss firm performance seriously (Baums, 1994).

The reduced ability of the large board to monitor managers results in managers

pursuing personal interest rather than shareholders' interest. Large boards are less efficient and more likely to face high costs to monitor managers' performance (Baysinge & Hoskisso, 1997). Therefore, small boards are perceived to be more active and flexible. However, this should not eliminate the fact that companies can also benefit from substantial board size. Large board size can enhance firm performance by providing more excellent qualified recommendations and establishing external links for the firm to have access to resources.

There have been mixed results regarding the relationship between board size and firm performance; some works of literature assert that there is no relationship while some reported a positive or negative relationship between board size and firm performance. The study of Bebchuk and Cohen (2005), analysed the effectiveness of the small board of directors in large U.S. industrial corporations. The result shows that companies with lower board size exhibit better values for financial ratios, also, financial ratios for profitability and operating efficiency declined as board size increased. The study revealed that the incremental cost would increase as board size increases, and the company with small board will have higher market value.

A similar result was found from the study of Bhagat and Black (1997) on small and medium-sized Finnish companies. The result shows a negative relationship between the board size and the firm profitability measured by return on assets (ROA). Bhagat and Black (1997), examined the impact of board size on company performance for a large sample of UK listed firms during 1981-2002. The result confirms that board size has a substantial adverse effect on companies' performance. Also, Eklund, Palmberg and

Wiberg (2009), found a negative relationship between board size and firm performance.

Conversely, other researchers reported that there is a positive relationship between board size and firm performance. Evidence from Calomiris (1995), shows a positive relationship between the board size and the firm performance as measured by ROA. This result is in contrast with their prior finding of a negative relationship between board size and the firm performance measured by Tobin 's Q. Particularly, they found that more extensive knowledge base inherent in larger boards facilitates better business decisions to reduce agency problem. Result from Bhagat and Black, (2005), shows a positive correlation between board size and firm performance measured by return on equity (ROE). They provide evidence that large boards have better access than smaller ones to the external environment by offering better chances to have a vast resource for finance and raw materials. This report is in line with resource dependence theory that large boards provide greater access to their firm external environment, which facilitate and secure critical resources and reduces uncertainties (Pearce and Zahra, 1992).

Similarly, Brennan (2006), found a positive relationship between board size and firm performance measured by Tobin's Q. They argued that larger board size is more likely to be more watchful for agency problem because a more significant number of experts will add value in assessing the managements' activities. Also, Bhagat and Black (2002) argued that larger board size is better than small board size in improving firm performance. They say that in small boards the dominant position of the CEO enables him to override the decisions made by the board members by following their interests leading to increasing the agency and correspondingly undermining the

performance of the firm (Bhagat and Black, 2002).

2.2.3 Concept of board independence

The research on board composition has also focused on the relationship between board independence and firm performance. Board of directors is classified into two categories; (1) the executive, which are personnel such as managers and directors, and (2) the non-executive directors who are also referred to as independent directors. Brickley, Coles and Jarrell (1997), defined executive directors as individuals on the board who is an employee of the firm. While independent directors are those directors that do not have any other material pecuniary relationship or transaction with the company, it's promoter, management or it's subsidiaries which can affect their independent judgment (Bonyop, 2009).

Arguments have been put forward to why outside directors are more reliable and efficient than inside directors, however, the combination of both inside and outside directors is advised by most national and international corporate governance codes for competent governance. According to Coffee (2001), a higher proportion of independent directors on board indicates improved monitoring and consequently reduced agency problems.

Also, Hermalin and Weisbach (2003), suggest that independent directors are more effective in monitoring the management activities and function as disciplinarians of managers, but they found no significant relationship between the proportion of independent directors in the board and firm performance. Consequently, the supporter of stewardship theory believes that independent directors are less able to monitor managers than executive directors due to their lack of specialist knowledge of firms' internal

operations, the executive directors have a better chance due to their daily involvement in the organization activities.

Independent directors in some board could be executive directors in other firms; therefore, this might result in their inability to monitor the management efficiently. The manager may exploit the opportunity of reduced monitoring to achieve his /her gain rather than fulfilling his/her obligations to the shareholders. Hermalin and Weisbach (2003), argued that independent directors are not efficient because they often lack information about the firm, some of the directors do not have the requisite skills for the job and majority of them are too busy in their companies to make an effective contribution. Independent directors are part-time workers; therefore, they have little firm-specific knowledge, which results in their inefficiency to improve firm performance. Agency theory suggests that non-executive directors' representation in the board improves firm performance; however, there have been mixed empirical results.

Also, evidence from the study of Kaymark, & Bektas (2012), shows a significant positive relationship between independent directors and firm performance measured by ROA, ROE and Tobin's Q. They argue that the higher the percentage of outside directors the better the performance of the firm. These results establish the view of agency theory and resource dependence theory, which propose that independent directors are efficient in monitoring the management and serve as a disciplining device. Further, Bathala, & Rao (2015), reported a positive relationship between the number of independent board members and firm performance.

Conversely, Zahra and Pearce (1989),(2003) provided evidence of a

negative relationship between independent board members and some performance measures. Similarly, Kiel and Nicholson (2003), reported a positive relationship between the proportion of inside directors and market-based firm performance measures. Results from others such as; Collins (2012), and Bhagat & Black (1999), provide no evidence for the relationship between board independence and firm performance. From an agency perspective, the independent directors are essential for monitoring and safeguarding shareholders' interests to reduce the agency problems and improve firm performance.

2.2.4 Financial performance

According to Armstrong (2006), performance is often defined simply in output terms- the Achievement of quantified objectives. Firm performance is a multidimensional construct that consists of four elements (Al Gizaree, 1998). Customer-focused performance, including customer satisfaction, and product or service performance; financial and market performance, including revenue, profits, market position, cash-to-cash cycle time, and earnings per share; human resource performance, including employee satisfaction; and organizational effectiveness, including time to market, level of innovation, and production and supply chain flexibility.

Firm's financial performance has been studied and measured by different researchers using different measures. Bonyop (2009) measured firm performance by ROA (Return on Assets= EBIT / Average total Assets – in book value -), ROE (Return on Equity=net profit / equity - in book value -), Change in market value of equity, change in market value of equity, adjusted for

dividends and risk). Nneka (2016) used return on equity (ROE) and profit margin (PM) for the measurement of firm performance. Market based measures of companies' performance were done by Naimah. (2017) by Market value of equity divided by book value of equity and Tobin's Q (market value of equity + book value of debt/total of assets - in book value -), whereas financial reporting perspective was measured by ROE and Return on investment (net result + interest) / (equity +total debt).

Return on Assets (ROA) refers to the amount of net income returned as a percentage of total assets. It can be decomposed as follows: Return on Assets= EBIT / Average total Assets – in book value while Return on Equity (ROE) refers to the amount of net income returned as a percentage of shareholder's equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. Each insurance firm's ROE has been obtained for its annual reports. ROE is expressed as a percentage and calculated as: Net Income/Shareholder's Equity * 100 Net income is for the full fiscal year, before any dividends are paid to common stockholders but after dividends are paid to preferred stock, Shareholder's equity does not include preferred shares.

2.2.6 Effect of board composition on financial performance

Boards mostly compose of executive and non-executive directors. Executive directors refer to dependent directors and non-Executive directors to independent directors (Adams, Hermalin, & Weisbach, 2010). At least one third of independent directors are preferred in board, for effective working of board and for unbiased monitoring. Dependent directors are also

important because they have insider knowledge of the organization which is not available to outside directors, but they can misuse this knowledge by transferring wealth of other stockholders to themselves (Faleye, Hoitash, & Hoitash, 2011). A board composed of members who are not executives of a company, nor shareholders, nor blood relatives or in law of the family (Adjaoud, Zeghal & Andaleeb, 2007). An independent board is generally composed of members who have no ties to the firm in any way, therefore there is no or minimum chance of having a conflict of interest because independent directors have no material interests in a company.

Theoretically, there are a number of arguments in favour of board composition. For example, Carter, Simkins and Simpson (2003) identified five positive arguments for board composition in a principal agent framework. They opine that a more diverse board is able to make decisions based on the evaluation of more alternatives compared to a more homogenous board. A diverse board is seen to have a better understanding of the market place of the firm, which increases innovation and creativity. Board composition diversity may also improve the image of the firm considering that positive image has positive effects on customers' behaviour.

Carter, D'Souza, Simkins, and Simpson (2010) states that independent directors are important because inside or dependent directors may have no access to external information and resources that are enjoyed by the firm's outside or independent directors (e.g., CEOs of other firms, former governmental officials, investment bankers, Social worker or public figures, major suppliers). Moreover, for advice/counsel inside or dependent directors are available to the CEO as a function of their employment with the firm; their appointment to the board

is not necessary for fulfillment of this function.

Agyemang and Castellini (2013) find that board composition does not affect firm performance although its relationship with performance was found to be positive. At the same time, Oba, Ozsoy and Atakan (2010) studied 66 banks in OECD countries from 1996 to 2003. They established an inverted U-shaped relation between the measures of bank performance and board size which they posit justifies a large board but imposing an efficient limit on size. According to Jensen and Meckling (1976), boards dominated by outsiders or NEDs may help to mitigate the agency problem by monitoring and controlling the opportunistic behavior of management.

2.3 Empirical literature review

Narwal and Jindal, (2015) analyzed the annual reports of selected Indian companies in textile industry to establish relationship between profitability and corporate governance parameters. It observed a strong relationship between director's remuneration and profitability with no significant relationship between profitability and board size, frequency of board meetings and the number of non-executive directors.

Mutuku (2016) researched on the effects of corporate governance on financial performance of Savings and Credit Cooperative Societies in Machakos, Kenya, the study found that there was a positive correlation between board composition and financial performance. A strong positive correlation was also found between board leadership and performance as well as between transparency and financial performance.

Harun (2017) examined the effect of corporate governance on the financial

performance of Ethiopian Private Banks. The study found that board gender diversity does not have a significant effect on performance, while board members' educational qualification is positively and significantly related to performance of the selected banks. Salim and Iskandar (2017) investigated the effect of corporate governance dimensions on the performance of 27 insurance companies in Jordan. The findings indicated a positive relationship between the corporate governance dimensions and the number of outside board members and foreign ownership.

Vu and Nguyen (2017) analyzed the data of 137 listed Singaporean companies for the period 2013 to 2016 to measure the impact of corporate governance on financial performance. The study result indicates an inverse relationship between board size and firm performance. The study, however, did not find any significant relationship between board independence, and company financial performance during the period under review.

Herdjiono and Sari (2017) analyzed the impact of corporate governance mechanisms on the financial performance of 156 Indonesia firms listed on the Indonesia Stock Exchange. Their findings revealed that the size of the board of directors had a positive impact on the performance, whereas no significant impact was detected for institutional ownership and managerial ownership on firms' performance.

Sathyamoorthi, Baliyan, Dzimiri and Dima (2017) investigated the effect of corporate governance of listed companies in the consumer services sector in Botswana for the period 2012-2016. Their findings indicated a significant impact of the number of sub-committees on the financial performance of the listed companies in the consumer services sector. None of the other

independent variables showed any significant impact on the profitability of the selected firms.

Kramaric, Aleksic and Pejic-Bach (2018) analyze the effects of different board characteristics on the insurance companies' performance in Croatia. The study's main findings suggest that gender diversity at the top positions is not critical for financial success. Besides, financial performance of insurance companies is negatively influenced by the number of members of the board of directors.

Aktan, Turen, Tvaronaviciene, Celik, & Alsadeh (2018) explore the relationship between corporate governance and performance of the financial firms in the Kingdom of Bahrain using annual data of all listed financial firms on the Bahrain Bourse over the period of 2011-2016. The results show that board size, ownership concentration and auditor's reputation have a positive and significant impact on firms' ROA.

Nneka (2016), evaluated the extent to which the banking sector in Nigeria adhere to board composition principles and how the practice of board composition attracts investors to the sector. The survey study method was adopted and four commercial banks were selected for the study, namely: First Bank of Nigeria Plc, Eco Bank International, United Bank for Africa Plc and Diamond Bank Plc. Data for the study were obtained through a structured questionnaire. The Z-test and Chi-square statistical techniques were used to test the hypotheses. Findings from the study showed that adherence to board composition significantly attracts investors to the banking industry and an improvement in the sector's performance in terms of improved profitability and return on investment. Based on these findings, the study recommends that banks should

continue to explore various areas that would entrench board composition in the industry namely; the recruitment of qualified corporate managers, decentralization of strategic decisions making centers, separation of the office of Chairman of the Board and that of Chief Executive Officer to enable the Board exercise their oversight function.

Babatunde, Michael, and Fred (2017), evaluated the relationship between board composition, bank performance and bank crisis in Nigeria. Board composition is the manner and ways in which the activities of an organization are managed and controlled. Despite the implementation of board composition in Nigeria, monitoring and the much talk about consolidation exercise, weak board composition is still a big challenge in Nigerian banking system hence, the need to investigate the basic reasons for weak governance and ways of curbing them for a better financial system. The proxy for board composition employed in this study is the board of directors. Two vectors are selected for this study, as independent variables are Board size and Board composition. Whilst the dependent variable employed was Profit after Tax. This study made use of secondary data obtained from the financial reports of five banks for a period of eleven (11) years (2005-2015) and primary data. Secondary data were analyzed using Regression analysis while Chi-square was used for secondary data. From the study based on the result of the analysis, it showed that board composition variables such as board directors have positive relationship on the performance of banks. However, the study established a negative relationship between profit after tax and board composition. The study supported the hypothesis that board composition positively affects performance of banks and

recommended that awareness creation among banks operators should be conducted to ensure they have good knowledge of board composition and its implication on banks profit.

Kuwata, Dalton, and Kajola (2017), investigated the relationship between the board composition mechanisms (Board size and audit committee size) and financial performance. Moreover, this study used firm size and management change as control variables. Furthermore, the study made use of secondary data obtained from the annual reports of twenty-one (21) banks listed in the Nigeria Stock Exchange for the period 2006 to 2009. The model of this study was theoretically founded on the agency theory. In analyzing the data, this study utilized the panel data methodology on 21 banks with 68 observations. Based on the panel data results, the random effect model was used to evaluate the effect of the predictors on the financial performance measured by ROA. The result indicates that the relationship between board size and ROA is positively insignificant. In addition to that, this study found that the relationship between audit committee size and ROA is negatively insignificant. Also, this study found that the relationship between firm size and ROA is negatively significant while the relationship between management change and ROA is positively insignificant. Besides providing suggestions for future study work, this study provides several recommendations for regulators and the Nigerian banking industry.

Adeyeni (2016) examined the dynamic interactions among ownership structure, corporate governance, risk management and performance of Nigerian banks. Secondary data were sourced from 20 out of 22 post-consolidation Deposit Money Banks listed on the Nigerian Stock Exchange

for a period of seven years from 2005-2011. The data were on Return on Equity (Bank Performance); Capital Adequacy Ratio (Corporate governance); proportion of the board members' share capital to total bank capital (Ownership structure) and Bank Risk Behaviour (Risk Management Practices). The data were regressed firstly without interaction with ownership structure and later with ownership structure. The results of the analysis showed that without interacting ownership structure with corporate governance and bank risk behaviour, corporate governance has positive and significant effect on bank performance ($p < 0.05$), but bank risk behaviour has negative but insignificant effect on bank performance ($p > 0.05$). Ownership structure has positive and significant effect like corporate governance ($p < 0.05$). However, when the ownership structure was interacted with corporate governance and risk behaviour, the results and significance of the variable changed remarkably. The study concluded that good risk management policies and proper ownership structure enhance improved corporate performance.

Nebert, Kaijage, Aduda and Cyrus (2017) determine the effect of board structure on the performance of financial institutions in Kenya and also to find out what the intervening and mediating influence of the tenure of the CEO and firm's characteristics on this relationship might be. The specific objectives included; to examine the influence of board structure on performance of financial institutions in Kenya; to determine the intervening influence of CEO tenure on the association among board structure and performance of financial sector firms in Kenya; to examine the moderating effect of the firms' characteristics on the association among board structure and performance of

financial institutions in Kenya; and to ascertain the joint effect of board structure, CEO tenure and firms' characteristics on performance. Secondary data was collected for a ten-year period from 2006 to 2015. Moderated and stepwise regression models and correlation analysis were adopted for the investigation of the association among the variables. The results showed that board structure had independent significant influence on performance of financial institutions; there was no significant intervening effect of CEO tenure on this relationship; there was a significant moderating effect of firms' characteristics on the relationship; and the joint effect of board structure, CEO tenure and firms' characteristics was significant. Through this study, the formulation of managerial policies and practices which will promote better governance practices and also appropriate the characteristics of firms and that will improve performance of financial institutions will be enhanced.

EL-Maude, Bawa and Shamaki (2018) studied the effect of board size, board composition and board Meetings on the financial performance of listed consumer goods in Nigeria over the period of ten years from 2006 to 2015. The study uses expo factor research design and purposive sampling technique (filter) as research design and sampling technique. The population of the study is twenty (20) listed consumer goods companies in Nigeria and a sample size of ten (10) companies were studied. The data was analysed by means of descriptive statistics, Correlation and Regression analysis using STATA (version 11). The descriptive result reveals that return on assets has minimum and maximum values of -0.0400 and 0.4700 respectively and the mean and standard deviation of 0.1199 and 0.1038 respectively. The study made use of

secondary data generated from annual report and account of the sampled companies through Nigeria Stock Exchange fact book. The findings include the following: Board size is negatively significant at 1% with T-Value of -2.70, Board composition is positively significant at 1% with T-Value of 2.15 and finally, Board meeting is negatively insignificant with T-Value of -1.45. This study concluded that smaller board size are more effective than larger board size, good proportion of board composition is a good factor to enhance ROA of listed consumer goods companies in Nigeria and frequent board meeting will have negative effect on the ROA of listed consumer goods companies in Nigeria because it will limit the chances for external directors to conduct a meaningful oversight over management. Hence the study recommends among others; That smaller board size should be used in listed consumer goods companies in Nigeria to enhance their ROA, the listed consumer goods companies should continue to maintain good proportion of independence directors. The listed consumer goods companies in Nigeria should discourage unnecessary board meetings to allow board of directors perform other oversight function on the management so as to enhance the ROA of listed consumer goods companies in Nigeria.

Olabisi, Kajola, Oladejo, Ojeaga and Abass (2018) examined the relationship between board characteristics and performance of quoted Nigerian consumer goods firms. This study adopted historical research design and ten firms were selected from the population of twenty-seven Nigerian listed consumer goods firms, as at 2017, using simple random sampling technique. Secondary data over a period of seven years (2011-2017) was obtained from the annual reports of the selected firms. Analysis was performed on data collected

adopting Auto Regressive Distributed Lag (ARDL) Regression and other post estimation techniques to determine the existence of relationship between the variables. The results of the study showed significant relationships between board independence, board diligence and performance of consumer goods firms ($p < 0.05$). However, there is insignificant relationship between board size, board composition and performance of consumer goods firms ($p > 0.05$). The study concluded that regular board meetings and board independence play significant roles in timely decision makings that affect the overall firm's objective. Hence, the study recommended a regular board meetings and board independence that will be efficient in taking vital decisions that affect the firm's overall performance.

3. 0 Research methodology

This study adopted the ex-post facto research design as the variables to be studied are secondary data and may offer the researcher control over them (Arikpo & Adesola 2017)

3.1 Population of the study

The population of this study consists of all insurance firms operating in Nigeria. The size of the study was limited to the listed insurance firms, because of the accessibility

of data from the NAICOM. Data used in the study were extracted from annual reports of the firms and NAICOM reports as well as corporate governance codes. There are twenty-two (22) quoted insurance firms at the period under review.

3.2 Sample size and sample procedure

The systematic sampling technique was employed in selecting the required sample insurance companies for this study. In adopting the systematic sampling technique, all insurance companies in the study's population were listed alphabetically and the systematic random formula was applied to select twelve (12) quoted insurance companies out of the 22 thus:

$$S = N/n = 22/12 = 1.8$$

Where:

S = Included selection

N = Population size

n = Sample size

This implied that 1.8 or approximately 2 insurance companies on the list would be selected and included on the sample insurance companies to be used in this study. The twelve quoted insurance companies represent the sample size for this study for a ten (10) years period, i.e. from 2010-2019. The ten years is chosen to get reasonable and reliable financial data.

S/N	NAMES OF COMPANIES	RIC NO	ADDRESS
1	AIICO Insurance Plc	004	Plot PC 12 Church Gate Street Victoria Island Lagos
2	Consolidated Hallmark Insurance Plc	007	266 Moshood ABIOLA WAY, FORMALLY KNOWN IKORODU ROAD, OBANIKORO LAGOS

3	Guinea Insurance Plc	017	No.33, Ikorodu Road, Jibowu-Lagos.
4	International Energy Insurance Plc	20	Plot 294, Jide Oki Street, Off Ligali Ayorinda, Street, Victoria Island, Lagos
5	Law Union & Rock Insurance Plc	024	Law Union House, 14, Hughes Avenue, Alagbomeji, Yaba, P.O. Box 944 Marina, Lagos
6	Mutual Benefits Assurance Plc	027	Aret Adams House, 233 Ikorodu Road, Ilupeju, Lagos
7	Niger Insurance Plc	029	48/50 Odunlami Street, P.O.Box 2718 Lagos
8	Regency Alliance Insurance Plc	034	2, Eburn Street, Gbagada Expressway Gbagada, P.O.Box 70333 Victoria Island Lagos
9	STACO Insurance Plc	038	209 Hebert Macaulay Street Ebute Metta P.M.B 1018 Sabo Yaba Lagos
10	SUNU Assurance Plc	011	Plot 1196, Bishop Oluwole Street Victoria Island Lagos
11	Universal Insurance Plc	041	NO 11A, Ligali Ayorinde Street, Victoria Island Lagos.
12	Veritas Kapital Assurance Plc	022	Plot 497 Abogo Largema Street Off Constitutions Avenue Central Business District P.O.Box 13233 Wuse Zone 3 Abuja

Source: Nigeria Stock Exchange Listed Firms, 2019

3.3 Methods of data collection and sources of data

The study uses secondary source of data from the annual reports and financial statements of the listed insurance firms for ten years, from 2010-2019, and other journals, publications, published materials such as books, periodicals, newspapers etc. Desk survey research was used in gathering facts and figures about corporate governance

and financial performance extracted from the annual reports

3.4 Method of data analysis

The study made use of empirical research technique for data analysis. The statistical tool that is employed in this study is the ordinary least square of multiple regression analysis and the Pearson's Product Moment Correlation matrix using version 22

of SPSS. Before estimating the parameters of the model, the dataset was plotted for visualization using the E-views 10 econometric software. The graphical outputs of E-views are superior to those of SPSS, hence the use of E-views for data visualization in this study. Ordinary least square of multiple regression analysis is used to measure the extent of the relationship between the independent and dependent variables, to draw valid conclusions about the test parameters. It gives the individual results of the selected companies to enable proper comparison.

The t-statistic was employed to determine the significance of the coefficients of the independent variables hence, checking the coefficients against expected signs. The R² was used to measure the goodness of fit of the regression equation and autocorrelation

using the Durbin Watson statistic. The F-statistic was used to test the overall significance of the model.

This was used in testing the effect of different factors in the examination brought up in the study. The selected data were presented using tables and analyzed.

3.6 Measurement of the variables

This study sought to assess the relationship between the dependent and independent variables. The dependent variable is return on equity while the independent variable, corporate governance was decomposed into Board size, (BSZ), Corporate governance (COG), Board independence (BIN). Table 3.1 below is a description of how these variables were measured.

Table 3.2: Concepts and measurement of variables in the study

S/N	Variables	Definitions	Type	Measurement
1	ROE	Return on equity	Dependent	Earnings b/4 interest and tax divide by number of shares ranking for dividend
2	BSZ	Board size	Independent	Log of Number of directors serving in the board
3	BIN	Board independence	”	Log of number of non-executive independent directors on the board
4	COG	Corporate Governance index	“	An index that measures the ranking of insurance firm by the extent of their compliance to corporate governance code

Source: Author’s compilation, 2021

3.7 Model specification

The relationship suggested by this study can be expressed functionally thus:
 ROE = f (COG) (1)

Where:

ROE= Return on Equity (measure of performance)

COG= Corporate governance

Given the studies objectives, corporate governance was decomposed into board size, Corporate governance development index, board independence and CEO duality. Given this decomposition, the above functional equation will be restated thus:

$$ROE = f (BSZ, BIN, COG, CEO) \text{ ----- (2)}$$

This functional expression may be restated in ordinary least square terms as:

$$ROE_{it} = a_0 + b_1 BSZ_{it} + b_2 BIN_{it} + b_3 COG_{it} + e_t \dots (3)$$

Where

ROE_{it} = Return on equity for firm I in time t

BSZ_{it} = board size for firm I in time t

BIN_{it} = board independence for firm I in time, t

COG_{it} = Corporate Governance Development Index

a₀ = Regression constant

b₁ – b₄ = Regression parameters

The ‘a’ prior is such that:

$\beta_1, \beta_2, \& \beta_3 > 0$. The signs of the expectation about the signs of the parameters should be positive

4. RESULTS AND DISCUSSIONS

4.1 Data presentation

Data were collected on Board size, Board meetings and Board independence. The data gathered for the study is attached as an appendix after the references section.

4.2 Data analysis

Data collected from the annual reports of selected insurance firms were keyed into SPSS statistical software to generate estimates for this study using the Pearson product-moment correlation and panel least squared multiple regression techniques. The extract of the result is presented in tables 1 and 2 respectively:

Table 1: Pearson’s Product Moment Correlation Matrix

	ROE	BSZ	BIN	COG
ROE	1			
BSZ	0.236 0.003	1		
BIN	0.246 0.000	0.370 0.000	1	
COG	0.146 0.002	0.132 0.000	0.166 0.008	1
Observation	120	120	120	120

Source: Extract from SPSS version 26, output, 2021

The study used the correlation matrix to test the extent to which the variables of the study are related. This was intended to assess the strength of the relationship among the

variables of the variables. From table.1, the correlation coefficient between return on equity and board size, return on equity and board independence and return on equity and

corporate governance development index of 0.236, 0.246 and 0.146 respectively with their corresponding p-value less than 5 per cent meant that there is a positive and significant relationship between board size, board independence, corporate governance development index and return on equity. This implied that there is significant positive association between board size, board independence, corporate governance development index and return on equity in Nigeria. Furthermore, the relationships between board independence, corporate governance and board size were positive and significant. Specifically, the correlation

coefficient of board size and board independence was 0.370 and that of board size and corporate governance was 0.232 and their respective P-values were less than 5 per cent. This implied that there is a strong positive association between board size, corporate governance development index and board independence. The relationship between board independence and corporate governance development index was positive and significant with a correlation coefficient value of 0.166 and a corresponding P-value less than 5 per cent.

Table 2: Regression Result

Dependent variable: ROE

Variables	Coefficient	Std Error	T-stats	Probability
Constant	13.547	3.127	4.332	0.000
BSZ	7.154	2.234	3.202	0.009
BIN	8.143	1.443	4.702	0.000
COG	0.097	0.748	4.217	0.001
CEO	1.237	0.494	2.591	0.031
R2	0.925			
R2-Adjusted	0.849			
SER	0.151			
F-Stats	38.638			
P-value	0.000			

P <= 0.05; df = 115; Critical t = 1.960

Source: Extract from SPSS version 26, output, 2021

From table 2, it is seen that board size had a positive and significant effect on the return on equity of insurance firms in Nigeria. A one per cent increase in board size led to about 7.15 per cent increase in the return on equity of insurance firms in Nigeria. In other words, the higher the board size, the higher and proportional the return on equity of insurance firms in Nigeria. Also, from table 4.2, board independence had a

positive and significant effect on the return on equity of insurance firms in Nigeria. A one per cent increase in board independence led to about 8.14 per cent increase in the return on equity of insurance firms in Nigeria. In other words, the higher the board independence, the higher and more proportional the return on equity of insurance firms in Nigeria.

Furthermore, from table 2, corporate governance development index had a positive and significant effect on the return on equity of insurance firms in Nigeria. A one per cent increase in corporate governance development index led to about 9.7 per cent enhancement in the return on equity of insurance firms in Nigeria. In other words, corporate governance development index enhanced the return on equity of insurance firms in Nigeria which connotes enhance performance.

A review of the t-statistics and the respective p-values showed that board size, board independence and corporate governance development index were highly significant in influencing return on equity of insurance firms in Nigeria. This was evidenced by their t-statistics values of 3.202, 4.702, and 4.217 and their corresponding p-values less than 5 per cent. The result also showed an R-squared adjusted value of 0.849. This implies that about 84.9 per cent of the observed changes in the return on equity of insurance firms in Nigeria had been jointly accounted or explained for by board size, board independence, and corporate governance development. In other words, board size, board independence and corporate governance development had explained over 84.9 per cent of the total variations in the return on equity of insurance firms in Nigeria. This had further been buttressed by the F-statistics value of 38.638, with a corresponding p-value of less than 5 per cent. This meant that the model fit the data well. In other words, the high predictability of the model did not occur by chance.

4.3 Test of Hypotheses

4.3.1 Hypothesis One

H₀₁: Board size does not have any significant effect on the return on equity of insurance firms in Nigeria;

H₁₁: Board size has a significant effect on the return on equity of insurance firms in Nigeria.

Decision Rule

Accept H₀: if calculated t-statistics value < table t-statistics value.'

Reject H₀: if calculated t-statistics value > table t-statistics value.

From the regression result,

Calculated t-statistics value = 3.202

Table t-statistics value= 1.960

Since the calculated t-statistics value of 3.202 is greater than the table T-statistics value of 1.960 at a 5 per cent level of significance, the study rejected the null hypothesis and accepted the alternative hypothesis. It therefore, meant that board size had a significant effect on the return on equity of insurance companies in Nigeria.

4.3.2 Hypothesis Two

H₀: Board independence does not have any significant effect on the return on equity of insurance firms in Nigeria;

H₁: Board independence has a significant effect on the return on equity of insurance firms in Nigeria

From the regression result,

Calculated t-statistics value = 4.702

Table t-statistics value= 1.960

Since the calculated t-statistics value of 4.702 is greater than the table T-statistics value of 1.960 at a 5 per cent level of significance, the study rejected the null hypothesis and accepted the alternative hypothesis. It therefore, means that board independence had a significant effect on the return on equity of insurance firms in Nigeria.

4.3.3 Hypothesis Three

H₀: Corporate governance development index does not have any significant effect on the return on equity of insurance firms in Nigeria;

H₁: Corporate governance development index has a significant effect on the return on equity of insurance firms in Nigeria.

From the regression result,

Calculated t-statistics value = 4.217

Table t-statistics value = 1.960

Since the calculated T-statistics value of 4.217 is less than the table T-statistics value of 1.960 at a 5 per cent level of significance, the study accepted the alternative hypothesis and rejected the null hypothesis. It therefore, meant that corporate governance development index has a significant effect on the return on equity of insurance companies in Nigeria.

5.0 Conclusion and recommendations

The findings of this study revealed that board size had a significant and positive effect on the return on equity of insurance companies in Nigeria. This finding implied that an increase in board size enhanced the return on equity of insurance companies in Nigeria. In other words, The more the size of the board, the more the earnings of the equity holders. The earnings of equity holders increase with increases in board size. This finding is supported by Kramaric, Aleksic and Pejic-Bach (2018) who analyzed the effects of different board characteristics on the insurance companies' performance in Croatia. The study's main findings suggest that board size is critical for financial success. Besides, financial performance of insurance companies is negatively influenced by the gender diversity of the board of directors.

Again, the findings of this study showed that board independence has a significant positive effect on the return on

equity of insurance companies in Nigeria. This showed that the more the independence of the board, the better decisions the organization arrive at which in effect would enhance earnings growth of the shareholders in Nigeria. Board independence triggers insurance firms earning through enhance strategic decision. When the board is independent it promotes unbiased decisions and increase the effectiveness of strategic policy which ultimately results in improved or enhance earnings of shareholders. This finding is supported by Kuwata, Dalton, and Kajola (2017) who studied the relationship between the board composition mechanisms (Board size and audit committee size and board independence) and financial performance. The result indicates that the relationship between board size and ROA is positively insignificant; the relationship between audit committee size and ROA is negatively insignificant and the relationship between board independence and ROA is positive and significant while the relationship between management change and ROA is positively insignificant.

The study also showed that corporate governance development index had a positive and significant effect on the return on equity of insurance companies in Nigeria. The higher the adherence to corporate governance code by insurance firms, the higher the earnings of the companies. This is so because corporate governance code provided reduces the opportunistic behaviour of the board, strengthens the management structure and trigger profitable operations of firms. This finding is supported by Sathyamoorthi, Baliyan, Dzimiri and Dima (2017) which investigated the effect of corporate governance of listed companies in the consumer services sector in Botswana for the period 2012t to 2016. Their findings showed

a significant impact of the number of sub-committees and corporate governance development index on the financial performance of the listed companies in the consumer services sector. None of the other independent variables showed any significant impact on the profitability of the selected firms.

From the findings of this study we can therefore infer that::

- i. There is a positive and significant effect of board size on the return on equity of insurance companies in Nigeria;
- ii. Board independence has a significant positive effect on the return on equity of insurance companies in Nigeria;
- iii. Corporate governance development index had a positive and significant effect on the return on equity of insurance companies in Nigeria

We will like to recommend as follows:

- (i) In addition to the adherence on corporate governance code, insurance companies should invest adequately in risk management through internal control operations so that no single staff initiates a transaction from start to finish as this will reduced opportunistic behaviour..
- (ii) Board size should be carefully determine considering the size of the firm, the experiences of board members and the skills and competences required within the sector, as this is necessary to enhance the decisions making that will lead to enhance operations and earnings
- (iii) CEOs of insurance companies should be encouraged to avoid

excessive and unnecessary distractions that comes from handling CEO appointments in two or more insurance companies as this would reduce their commitment towards the effective discharge of their duties and may lead to sub-optimal policies and decision that may ultimately lead to low earning or returns.

- (iv) The independence of the board should be promoted through the conscious adoption and application of corporate code by insurance companies as this is required to sustained enhanced earning

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Appendices

COMPANIES	YEAR	ROE	BSZ	COG	BIN	CEO
AIICO Insurance Plc	2010	0.04	6.838164	18.47	0.31	1
AIICO Insurance Plc	2011	0.06	6.998108	1.16	0.41	1
AIICO Insurance Plc	2012	0.03	7.183701	15.22	0.53	1
AIICO Insurance Plc	2013	0.02	7.305699	19	0.59	1
AIICO Insurance Plc	2014	0.02	5.515961	28.47	0.16	1
AIICO Insurance Plc	2015	0.03	5.475933	25.82	0.13	1
AIICO Insurance Plc	2016	0.003	5.633663	24.97	0.18	1
AIICO Insurance Plc	2017	-0.08	5.400379	25.61	0.12	0
AIICO Insurance Plc	2018	0.02	7.868955	25.71	0.96	1
AIICO Insurance Plc	2019	0.001	6.490942	27.3	0.04	1
Consolidated Hallmark Insurance Plc	2010	0.07	6.36615	25.71	0.84	1
Consolidated Hallmark Insurance Plc	2011	-0.07	6.443645	27.2	1.09	1
Consolidated Hallmark Insurance Plc	2012	0.1	6.388595	29.31	0.99	0
Consolidated Hallmark Insurance Plc	2013	-0.1	6.667963	25.71	1.86	1
Consolidated Hallmark Insurance Plc	2014	0.01	7.313108	28.68	0.12	1
Consolidated Hallmark Insurance Plc	2015	0.03	7.411068	29.1	0.15	1
Consolidated Hallmark Insurance Plc	2016	0.03	7.441184	29.1	0.14	1
Consolidated Hallmark Insurance Plc	2017	0.03	7.500103	29.63	0.16	0
Consolidated Hallmark Insurance Plc	2018	0.08	5.879109	44.55	0.29	1
Consolidated Hallmark Insurance Plc	2019	0.17	5.895022	46.67	0.26	1
Guinea Insurance Plc	2010	0.04	6.115703	48.04	0.38	1
Guinea Insurance Plc	2011	0.05	6.291642	53.12	0.46	1
Guinea Insurance Plc	2012	-0.03	6.59392	53.76	0.45	1
Guinea Insurance Plc	2013	-1.01	6.591508	66.98	0.9	0

Guinea Insurance Plc	2014	-0.21	6.63284	69.95	1.42	1
Guinea Insurance Plc	2015	-0.39	6.708901	72.49	1.02	1
Guinea Insurance Plc	2016	0.09	5.975701	72.06	0.35	1
Guinea Insurance Plc	2017	0.07	6.054036	73.86	0.39	1
Guinea Insurance Plc	2018	0.07	6.041763	75.87	0.31	1
Guinea Insurance Plc	2019	0.04	6.071998	78.1	0.32	1
International Energy Insurance Plc	2010	0.07	6.803423	79.47	0.78	0
International Energy Insurance Plc	2011	0.07	6.782258	81.9	0.72	0
International Energy Insurance Plc	2012	0.05	6.994175	83.49	0.7	1
International Energy Insurance Plc	2013	0.07	7.058045	18.47	0.73	0
International Energy Insurance Plc	2014	0.04	6.838164	1.16	0.31	1
International Energy Insurance Plc	2015	0.06	6.998108	15.22	0.41	1
International Energy Insurance Plc	2016	0.03	7.183701	19	0.53	1
International Energy Insurance Plc	2017	0.02	7.305699	28.47	0.59	1
International Energy Insurance Plc	2018	0.02	5.515961	25.82	0.16	0
International Energy Insurance Plc	2019	0.03	5.475933	24.97	0.13	1
Law Union & Rock Insurance Plc	2010	0.003	5.633663	25.61	0.18	1
Law Union & Rock Insurance Plc	2011	-0.08	5.400379	25.71	0.12	1
Law Union & Rock Insurance Plc	2012	0.02	7.868955	27.3	0.96	1
Law Union & Rock Insurance Plc	2013	0.001	6.490942	25.71	0.04	0
Law Union & Rock Insurance Plc	2014	0.07	6.36615	27.2	0.84	1
Law Union & Rock Insurance Plc	2015	-0.07	6.443645	29.31	1.09	1
Law Union & Rock Insurance Plc	2016	0.1	6.388595	25.71	0.99	1
Law Union & Rock Insurance Plc	2017	-0.1	6.667963	28.68	1.86	1
Law Union & Rock Insurance Plc	2018	0.01	7.313108	29.1	0.12	0
Law Union & Rock Insurance Plc	2019	0.03	7.411068	29.1	0.15	1
Mutual Benefits Assurance Plc	2010	0.03	7.441184	29.63	0.14	1
Mutual Benefits Assurance Plc	2011	0.03	7.500103	44.55	0.16	1
Mutual Benefits Assurance Plc	2012	0.08	5.879109	46.67	0.29	1
Mutual Benefits Assurance Plc	2013	0.17	5.895022	48.04	0.26	1
Mutual Benefits Assurance Plc	2014	0.04	6.115703	53.12	0.38	1
Mutual Benefits Assurance Plc	2015	0.05	6.291642	53.76	0.46	1
Mutual Benefits Assurance Plc	2016	-0.03	6.59392	66.98	0.45	1
Mutual Benefits Assurance Plc	2017	-1.01	6.591508	69.95	0.9	0
Mutual Benefits Assurance Plc	2018	-0.21	6.63284	72.49	1.42	1
Mutual Benefits Assurance Plc	2019	-0.39	6.708901	72.06	1.02	1
Niger Insurance Plc	2010	0.09	5.975701	73.86	0.35	1
Niger Insurance Plc	2011	0.07	6.054036	75.87	0.39	1
Niger Insurance Plc	2012	0.07	6.041763	78.1	0.31	1
Niger Insurance Plc	2013	0.04	6.071998	79.47	0.32	0
Niger Insurance Plc	2014	0.07	6.803423	81.9	0.78	1
Niger Insurance Plc	2015	0.07	6.782258	83.49	0.72	1
Niger Insurance Plc	2016	0.05	6.994175	18.47	0.7	1
Niger Insurance Plc	2017	0.07	7.058045	1.16	0.73	1

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Niger Insurance Plc	2018	0.04	6.838164	15.22	0.31	1
Niger Insurance Plc	2019	0.06	6.998108	19	0.41	0
Regency Alliance Insurance Plc	2010	0.03	7.183701	28.47	0.53	1
Regency Alliance Insurance Plc	2011	0.02	7.305699	25.82	0.59	1
Regency Alliance Insurance Plc	2012	0.02	5.515961	24.97	0.16	1
Regency Alliance Insurance Plc	2013	0.03	5.475933	25.61	0.13	1
Regency Alliance Insurance Plc	2014	0.003	5.633663	25.71	0.18	1
Regency Alliance Insurance Plc	2015	-0.08	5.400379	27.3	0.12	1
Regency Alliance Insurance Plc	2016	0.02	7.868955	25.71	0.96	1
Regency Alliance Insurance Plc	2017	0.001	6.490942	27.2	0.04	1
Regency Alliance Insurance Plc	2018	0.07	6.36615	29.31	0.84	0
Regency Alliance Insurance Plc	2019	-0.07	6.443645	25.71	1.09	1
STACO Insurance Plc	2010	0.1	6.388595	28.68	0.99	1
STACO Insurance Plc	2011	-0.1	6.667963	29.1	1.86	1
STACO Insurance Plc	2012	0.01	7.313108	29.1	0.12	1
STACO Insurance Plc	2013	0.03	7.411068	29.63	0.15	1
STACO Insurance Plc	2014	0.03	7.441184	44.55	0.14	1
STACO Insurance Plc	2015	0.03	7.500103	46.67	0.16	1
STACO Insurance Plc	2016	0.08	5.879109	48.04	0.29	1
STACO Insurance Plc	2017	0.17	5.895022	53.12	0.26	1
STACO Insurance Plc	2018	0.04	6.115703	53.76	0.38	1
STACO Insurance Plc	2019	0.05	6.291642	66.98	0.46	1
SUNU Assurance Plc	2010	-0.03	6.59392	69.95	0.45	1
SUNU Assurance Plc	2011	-1.01	6.591508	72.49	0.9	1
SUNU Assurance Plc	2012	-0.21	6.63284	72.06	1.42	1
SUNU Assurance Plc	2013	-0.39	6.708901	73.86	1.02	1
SUNU Assurance Plc	2014	0.09	5.975701	75.87	0.35	1
SUNU Assurance Plc	2015	0.07	6.054036	78.1	0.39	1
SUNU Assurance Plc	2016	0.07	6.041763	79.47	0.31	1
SUNU Assurance Plc	2017	0.04	6.071998	81.9	0.32	0
SUNU Assurance Plc	2018	0.07	6.803423	83.49	0.78	1
SUNU Assurance Plc	2019	0.07	6.782258	18.47	0.72	0
Universal Insurance Plc	2010	0.05	6.994175	1.16	0.7	1
Universal Insurance Plc	2011	0.07	7.058045	15.22	0.73	1
Universal Insurance Plc	2012	0.04	6.838164	19	0.31	1
Universal Insurance Plc	2013	0.06	6.998108	28.47	0.41	1
Universal Insurance Plc	2014	0.03	7.183701	25.82	0.53	1
Universal Insurance Plc	2015	0.02	7.305699	24.97	0.59	1
Universal Insurance Plc	2016	0.02	5.515961	25.61	0.16	1
Universal Insurance Plc	2017	0.03	5.475933	25.71	0.13	1
Universal Insurance Plc	2018	0.003	5.633663	27.3	0.18	1
Universal Insurance Plc	2019	-0.08	5.400379	25.71	0.12	1
Veritas Kapital Assurance Plc	2010	0.02	7.868955	27.2	0.96	1

Veritas Kapital Assurance Plc	2011	0.001	6.490942	29.31	0.04	1
Veritas Kapital Assurance Plc	2012	0.07	6.36615	25.71	0.84	1
Veritas Kapital Assurance Plc	2013	-0.07	6.443645	28.68	1.09	0
Veritas Kapital Assurance Plc	2014	0.1	6.388595	29.1	0.99	1
Veritas Kapital Assurance Plc	2015	-0.1	6.667963	29.1	1.86	1
Veritas Kapital Assurance Plc	2016	0.01	7.313108	29.63	0.12	1
Veritas Kapital Assurance Plc	2017	0.03	7.411068	44.55	0.15	1
Veritas Kapital Assurance Plc	2018	0.03	7.441184	46.67	0.14	1
Veritas Kapital Assurance Plc	2019	0.03	7.500103	48.04	0.16	0