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LEADERSHIP STRUCTURE, OWNERSHIP CONCENTRATION AND FIRM SIZE ON FINANCIAL PERFORMANCE OF LISTED INSURANCE FIRMS IN NIGERIA

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Abstract
The effectiveness and efficiency of the board of directors as a monitoring tool to the management of an organization is essential to the performance of the firms. Given that board efficiency is subject to its structure, it therefore becomes imperative for studies to empirically ascertain the relationship between leadership structure, ownership concentration and firm size on financial performance of listed insurance firms in Nigeria. The population comprises all the quoted insurance firms in Nigeria while filtering technique was used to arrive at a sample size of twenty-three (23) listed insurance firms in Nigeria. The hypotheses were tested using robust random effect regression model after conducting some diagnostics tests. The findings regarding Leadership Structure, Ownership Concentration, and Firm Size align with much of the existing literature that suggests these factors play significant roles in shaping firm performance, including ROE, in the context of insurance companies in Nigeria. These results underscore the importance of effective corporate governance practices, ownership structures, and strategic positioning in influencing financial outcomes. However, it's important to note that the impact of these factors can vary based on specific contextual factors, such as regulatory environment, market conditions, and industry dynamics. Future research could further explore how these relationships evolve over time and in response to external shocks or policy changes affecting the insurance industry in Nigeria. The study recommends among others, that Management of Insurance companies should Ensure that the board of directors is diverse and includes members with relevant expertise in insurance and finance. This diversity can bring different perspectives and enhance decision-making processes. Consider separating the roles of CEO and board chair to promote checks and balances within the leadership structure. This separation can enhance governance and accountability. Management of Insurance companies should Encourage a balanced ownership structure that avoids excessive concentration of control among a few shareholders. This can mitigate risks of entrenchment and promote transparency and alignment of interests. Foster active shareholder engagement and participation in corporate governance processes to ensure effective monitoring and oversight of management decisions
Keywords: Leadership, Insurance, Management, Finance, Nigeria

Introduction
Corporate governance has emerged as a critical issue in developing economies, driven by past financial crises that underscored the need for improved governance practices. Effective corporate governance is essential for enhancing firm performance, protecting investor rights, fostering economic growth, and improving the overall investment climate (Braga, 2023; Price, 2022). Despite increased attention to corporate governance in developing countries, many still struggle with inadequate governance practices, which have been implicated in financial crises (Ekanaakey, 2021; Tarraf, 2020). Consequently, academic research has extensively studied corporate governance in both developed and developing nations (Mallin, 2020; Reed, 2022; Clark, 2023; Solomon & Solomon, 2019; Sternberg, 2019; Weir & Laing, 2018).

This study is motivated by recent reforms in Nigeria's insurance sector aimed at addressing

corporate failures and aligning with global best practices to enhance financial performance. Corporate governance structures define the rights and responsibilities within firms and establish decision-making processes (Wolfenson, 2020; Uche, 2021; Akinsulire, 2022). Ownership concentration, which refers to the extent of shareholding by large shareholders, presents significant implications in Nigerian insurance companies. While high ownership concentration can mitigate traditional agency problems, it may introduce new conflicts between large and minority shareholders, impacting firm performance positively or negatively (Sanda, 2023; Ujunwa, 2022).

Board independence plays a crucial role in effective corporate governance by providing unbiased oversight and mitigating conflicts of interest. Independent directors are expected to challenge management decisions in the interest of shareholders, potentially leading to better strategic outcomes and improved financial performance. However, the impact of board independence on Nigerian insurance firms' financial performance remains mixed, with studies indicating varying degrees of effectiveness depending on director expertise and board dynamics (Kajola, 2018; Akpan & Amran, 2024).

Leadership structure is another critical factor affecting financial performance in Nigerian insurance companies. Combining the roles of CEO and board chairman can concentrate power and diminish the board's ability to effectively monitor management actions, potentially leading to poor decision-making and performance outcomes.

Size of firm is also one of the determinants of corporate governance. It affects corporate governance in various ways. Large firms have more resources, attract more attention from investors analyst and regulators, have more independent directors and specialized committees compared to small firms.

Empirical evidence underscores the complex interactions among ownership concentration, firm size, leadership structure, and financial performance in Nigerian insurance firms. While each governance element has potential implications for Return on Equity (ROE) and Return on Assets (ROA), their actual impact depends on how they are managed and integrated within the firm's governance framework.

Therefore, gaps in existing literature regarding specific corporate governance mechanisms relevant to improving the Nigerian insurance industry prompt this study. It aims to assess the effects of ownership concentration, firm size, and leadership structure on the financial performance of listed insurance firms in Nigeria, aiming to provide insights and recommendations for enhancing governance practices and financial outcomes in the sector. The main objective of the study is to examine the effect of Ownership Concentration, firm size, and Leadership Structure, and Financial Performance of Listed Insurance Firms in Nigeria. The Specific objectives were to:

i. Determine the effect of Leadership Structure on Return on Equity of listed Insurance companies in Nigeria,
ii. examine the effect of Ownership Concentration on Return on Equity of listed Insurance companies in Nigeria and
iii. evaluate the influence of firm size on Return on Equity of listed Insurance companies in Nigeria.

In line with the research questions and objectives of the study, the following null hypotheses will be formulated for testing which includes:

H_{O1}: Leadership Structure has no significant effect on Return on Equity of listed Insurance companies in Nigeria,

H_{O2}: Ownership Concentration has no significant effect on Return on Equity of listed Insurance companies in Nigeria and

H_{O3}: firm size has no significant on Return on Equity of listed Insurance companies in Nigeria.

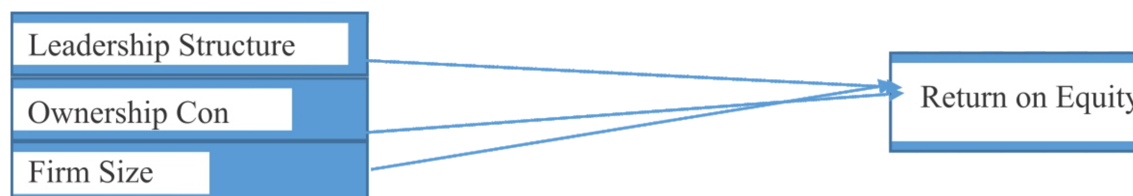
Scope of the study

This study is limited to effect of Ownership Concentration, firm size and Leadership Structure, and Financial Performance of Listed Insurance Firms in Nigeria. The scope is limited to Nigeria where corporate governance is still evolving and covers the period from 2013 to 2023 which differentiates it from previous empirical studies. Studying these factors during the specified period not only addresses current gaps in understanding but also provides actionable insights for stakeholders aiming to enhance corporate governance and financial performance in Nigeria's insurance sector.

Literature Review

Conceptual Framework

In this section, conceptual issues relating to corporate governance, proxies of corporate governance, financial performance among others are discussed and presented.



Concept of corporate governance

Corporate governance (CG) lacks a universally agreed-upon definition across global settings and countries, with interpretations varying based on the distribution of power among owners, managers, and capital providers (Hameed, 2019; Short, 2006). Scholars like Maher & Anderson (2021) and Craig (2022) present contrasting views: the shareholder model, which emphasizes the board's responsibility to shareholders, versus the stakeholder model, which broadens CG to encompass relationships with all organizational stakeholders.

Essentially, CG refers to the system by which companies are directed and controlled, involving relationships among directors, shareholders, and other stakeholders (CAMA, 2002; Muriithi, 2019). It includes internal policies, processes, and people that guide and oversee management activities with a focus on ethical practices, accountability, and integrity (Mang'unyi, 2021). CG is seen as a moral imperative for firms to uphold ethical standards in their operations.

Various theories such as agency theory (Jensen & Meckling, 1976) and stakeholder theory (Freeman, 1984; Donaldson & Preston, 1995) offer different perspectives on the purpose and structure of CG. Agency theory emphasizes reducing conflicts of interest between managers and shareholders, while stakeholder theory advocates for considering the interests of all stakeholders to enhance firm performance.

The Cadbury committee (1992), referenced by Alexandra et al. (2022), defines Corporate governance as the system by which boards direct and control organizations for the benefit of all stakeholders. This definition underscores two key aspects: the board's role in strategic direction

and oversight of executive management's implementation of plans and strategies. Critics argue that this definition overlooks the structures, systems, and relationships that support these functions (Sanda, 2022).

In summary, Corporate governance encompasses the structures, processes, cultures, and systems that establish objectives, formulate strategies, and monitor performance in organizations (Klapper & Love, 2002). While components like board composition, board size, leadership structure or separation of powers, ownership concentration and audit committee composition are critical (Klapper & Love, 2002), factors such as board independence, firm size, gender diversity, and management's actions significantly influence Corporate governance effectiveness and organizational performance. These elements must be carefully managed to mitigate negative impacts that could detrimentally affect corporate enterprises.

Financial Performance of Insurance Companies

In the United Kingdom, corporate governance practices underscore accountability to shareholders and effective board management, as outlined in company law and listing regulations. Key components include a unitary board structure with clearly defined powers, a mix of executive and independent non-executive directors (with at least 50% independence for larger firms), transparent executive compensation processes, and performance-based pay (Kwaning & Mahama, 2015; Burca & Batrinca, 2014).

In contrast, Nigeria has historically demonstrated lower adherence to such standards, highlighted by governance shortcomings identified by the central bank governor in 2019 and a generally low adoption rate of corporate governance codes among listed companies, including insurers (CBN, 2019; Ingana, 2021). Acknowledging these deficiencies, the Securities and Exchange Commission (SEC) and Corporate Affairs Commission (CAC) collaborated to revise Nigeria's corporate governance framework in 2021, aiming to enhance transparency, independence, and board diversity (Inyang, 2019). The updated code mandates strict adherence to these standards to promote effective governance and organizational performance (Peter Atedo Committee, 2020). Despite these initiatives, challenges persist in implementing these reforms, with ongoing research and debate exploring their impact on firm performance (OECD, 2019; Gompers et al., 2021; Claessens et al., 2002).

Corporate governance plays a crucial role in managing insurance firms by ensuring transparency, safeguarding investor interests, and maintaining robust risk management practices (Jensen & Meckling, 1976; El-Kharou, 2020). It encompasses defining corporate goals, overseeing daily operations, and aligning activities with legal and ethical standards (Peter Atedo Committee, 2020).

It is obvious that insurance not only facilitate economic transactions through risk transfer and identification but also promotes financial intermediation. In view of this insurance industry can be used to promote financial stability, mobilize savings, and facilitate trade and commerce, and complement government security programs (Adeyele & Maiturare, 2020).

In summary, while corporate governance frameworks vary globally in structure and application, their fundamental objectives include reducing conflicts of interest, promoting transparency, and enhancing operational efficiency and responsibility (Shleifer & Vishny, 2017; Mayer, 2017; Deakin & Hughes, 2017). Effective implementation of sound governance practices is essential for fostering economic growth and stability, especially in developing markets like Nigeria (Suberu & Aremu, 2020)

Leadership structure and Financial Performance

Leadership structure and financial performance are critical areas of study in organizational behavior and management research. CEO duality occurs when the CEO also serves as the chairman of the board, combining the roles of CEO and board chair. This structure can influence financial performance through its impact on decision-making, strategic oversight, and governance effectiveness. Empirical studies suggest that CEO duality may lead to reduced accountability and oversight, potentially affecting financial outcomes negatively (Dalton et al., 1998). Dalton et al. (1998) found that CEO duality is associated with lower firm performance, as it may hinder independent oversight and checks on managerial actions, thereby impacting financial metrics adversely.

The effectiveness of leadership teams, including executive teams and top management, can significantly impact financial performance. Effective leadership teams are characterized by cohesive decision-making, clear strategic vision, and alignment with organizational goals. Research highlights that leadership team cohesion and alignment are positively associated with improved financial outcomes, such as higher profitability and shareholder returns (Finkelstein & Hambrick, 1990). Diversity in leadership, including gender diversity and diverse perspectives, has gained attention for its potential impact on organizational performance. Diverse leadership teams may bring different insights and decision-making approaches, which can lead to more innovative strategies and better financial results. Studies suggest that companies with diverse leadership teams tend to outperform their peers in terms of profitability and market performance (Carter et al., 2003).

Leadership structure plays a crucial role in shaping organizational performance and financial outcomes. Empirical research underscores the importance of governance structures, board independence, effective leadership teams, and diversity in leadership as critical factors influencing firm performance. Understanding these dynamics is essential for organizations aiming to enhance their financial performance through effective leadership practices.

Ownership Concentration and Financial Performance

The relationship between ownership concentration and financial performance has been a subject of empirical research across various contexts, including studies focused on corporate governance and firm outcomes. Ownership concentration refers to the extent to which shares of a company are held by a small group of large shareholders or by a broader base of smaller shareholders.. High ownership concentration can enhance monitoring and align managerial actions with shareholder interests. This is often associated with improved financial performance due to effective oversight and reduced agency costs. Studies suggest that concentrated ownership structures lead to better corporate governance practices, which, in turn, positively affect financial outcomes (Sanda, 2023).

Sanda (2023) finds that firms with higher ownership concentration tend to exhibit better financial performance metrics such as Return on Equity (ROE) and Return on Assets (ROA) due to enhanced monitoring and alignment of incentives. Conversely, concentrated ownership can also lead to risks of expropriation where large shareholders prioritize their interests over those of minority shareholders. This may result in decisions that benefit controlling shareholders at the expense of firm value and overall performance (Ujunwa, 2022). Claessens et al. (2022) argue that in environments with strong legal protections for minority shareholders, high ownership concentration may still lead to positive performance outcomes by fostering effective governance mechanisms and aligning incentives.

Firm Size and Financial Performance

The relationship between firm size and financial performance has been extensively studied in empirical research, exploring how the scale of operations influences various performance metrics.

Larger firms often benefit from economies of scale, which can lead to lower average costs per unit of production or operation. This efficiency can positively impact financial performance metrics such as profitability and return on investment. Empirical studies suggest that larger firms may achieve higher levels of profitability due to their ability to spread fixed costs over a larger output volume (Ozkan & Ozkan, 2022).

Ozkan and Ozkan (2019) find evidence that larger firms tend to exhibit higher profitability ratios compared to smaller firms, driven by economies of scale in production and operations. Larger firms typically have greater access to resources such as capital, technology, and human talent. This can enable them to innovate, expand into new markets, and exert market power, which in turn positively influences financial performance indicators. Studies show that larger firms often have stronger market positions and bargaining power with suppliers and customers, leading to enhanced financial outcomes (Himmelberg et al., 1999).

In summary, while larger firms generally benefit from economies of scale, greater market power, and diversified operations, which can enhance financial performance, the relationship can vary based on industry characteristics and strategic management decisions. Empirical research underscores the complex interplay between firm size and financial outcomes, emphasizing the need to consider sector-specific factors and market conditions when assessing this relationship.

Empirical Review

Qawariri, (2022) who conducted a comparative study on corporate governance practices in banking and insurance companies listed on Tadawul Stock Exchange. Using mean, standard deviation and ANOVA statistical method to analyse data which was collected through Survey Questionnaire and secondary data from annual reports from 2013 to 2017, the study concluded that the corporate governance with respect to leadership structure practices help companies in gaining highest position in the markets, increasing their strength and enhancing the performance levels which reflect on the strong economy and wellbeing of the companies.

Simon, (2022) investigates the relationship between corporate governance and financial performance of listed insurance companies in Nigeria within the period 2009 - 2015. It also ascertains the relationship between leadership structure, board independence, audit committee supervision, board gender diversity, and financial performance of listed insurance companies in Nigeria. The study employs panel data of nineteen (19) sampled insurance companies listed on the Nigerian Stock Exchange. Data were collected from annual audited reports of the listed insurance companies. Panel OLS regression methodology was used to analyze the data and the data were regressed with the aid of EVIEWS 7.0 econometric software package. The study revealed that leadership structure, board independence, and audit committee composition hurt financial performance while board gender diversity positively influences financial performance. However, none of the corporate governance variables (BZS, BDI, BGD, and AUD) significantly influence financial performance (ROE). The study therefore recommends that steps should be taken for mandatory compliance with the code of corporate governance by the management of insurance companies in Nigeria.

Sunday (2022) investigates the effects of Corporate Governance on the financial performance of

listed insurance companies in Kenya. Specifically, this study examined board size, board composition, CEO duality, and leverage and how they affect the financial performance of listed insurance Companies in Kenya. Firm performance was measured using Return on Assets (ROA) and Return on Equity (ROE). This study adopted a descriptive research design. The study population was all those insurance Companies that were listed on the Nairobi Securities Exchange as at December 2021. The primary data were collected through the administration of questionnaires to the staff in these listed insurance firms. A stratified random sampling technique was used to obtain the sample size for the purpose of administering questionnaires. Secondary data were collected using documentary information from Company annual accounts for the period 2007 to 2021. Reliability test was carried out using Cronbach's alpha model. Both descriptive and inferential statistics were used. Data was analyzed using a multiple linear regression model. The study found that a strong relationship exist between the Corporate Governance practices under study and the firms' financial performance. Board size was found to negatively affect the financial performance of insurance companies listed at the NSE. There was a positive relationship between board composition and firm financial performance. However, the most critical aspect of board composition was the experience, skills and expertise of the board members as opposed to whether they were executive or non-executive directors. Similarly, leverage was found to positively affect financial performance of insurance firms listed at the NSE. On CEO duality, the study found that separation of the role of CEO and Chair positively influenced the financial performance of listed insurance firms.

Beltratti and Stulz (2021) examined the relationship between corporate governance and bank performance during the credit crisis (July 2007–December 2020) in an international sample of 164 Large banks (i.e. more than $50 billion in assets). Data are used on board characteristics gathered by Institutional Shareholder Services (ISS), such as size, autonomy, committee structure and accountability; Building an index for shareholder boards in 2006 and transparency. Beltratti and Stulz (2021) found out that, during the crisis, banks with better governance (in terms of more shareholder friendly board structures) performed much better than other banks and had greater general stability risk than before the crisis escalated. In particular, banks with greater controlling Shareholder ownership are found to be more risky. This proof is compatible with the perspective that banks that grew more in industries that turned out to be poorly performing during the crisis pursued pre-crisis shareholder strategies as their boards were more shareholder-friendly But the crisis endured more when these dangers resulted in unexpectedly big losses.

Uwuigbe (2021) examining the relationships that exist in Nigerian consolidated banks between governance mechanisms and financial performance. Variables used for banks' economic results include performance measurement; equity return (ROE) and asset return (ROA). The methodology of evaluation of panel data regression was embraced while the method of content analysis, regression analysis and t-test statistics were carried out in the assessment. It was noted from the research that there is a negative but substantial connection between the size of the board, the structure of the board and the economic results of these companies, while there was also a favorable and substantial connection between the equity interest of managers, the level of disclosure of governance and the results. Their primary goal was to assess the effect of corporate governance and the results of the bank in Nigeria. He used income, equity returns, and asset returns as factors and used the normal regression technique of the least squares to evaluate the information. The outcome indicates that bank deposits mobilized and credits generated over that era increased over the years, but during the consolidation era were more favorably linked to bank results, though not significant. In addition, when favorably adopted, the organizational characteristics of executives working in the bank seemed to be the main determinants of bank results. They found that banks must accept fiduciary duties that include transparency, honesty

and fairness in order to minimize financial and economic crime in the scheme.

Balogun and Ajao (2022) studied the impact of corporate governance on the performance of insurance companies in Nigeria. The study covers 5 years between 2016 and 2022, uses multiple regression analysis to test the significant effect of each independent variable on the dependent variable and data were obtained through secondary data. It revealed that ownership concentration contributes negatively while leverage contributes positively to return on assets. The management team was removed automatically by the package due to a multicollinearity problem. The study concluded that corporate governance does not have a significant impact on the performance of insurance companies in Nigeria.

Datta (2022) studied the impact of corporate governance on the financial performance of 10 listed insurance companies in Bangladesh using ownership concentration, board composition, board meetings, and board audit committees from 2010 to 2016. The secondary data which was analyzed using descriptive analysis, multiple linear regression, Pearson correlation, and collinearity statistics found that board size, ownership concentration, board composition, board meetings, and board audit committee determined 38.20 percent of the performance (ROE) variance. The result further revealed a negative relationship between ROE and board composition.

Foluso and Lateef (2022) examined the impact of corporate governance on the performance of insurance companies in Nigeria between 2009 and 2015. The data was analyzed using the Ordinary Least Square regression technique. The findings of the study reported that a negative relationship exists between board independence and financial performances using Return on Equity (ROE) of listed insurance companies.

Ajisafe (2022) examined the effect of corporate governance on financial performance of listed insurance companies in Nigeria. The population of the study consists of thirty-four (34) listed insurance companies on the Nigeria Stock Exchange as at 31st December, 2018 and from which twenty-three companies were selected as its sample size through purposive sampling technique. Descriptive and panel regression analysis were employed using the secondary data from the annual reports and accounts of the sampled companies for the period 2013-2018. The study found out that board remuneration has insignificant and negative effect on financial performance of listed insurance companies in Nigeria. The empirical result of the study also revealed that board size has significant positive effect on financial performance of listed insurance companies in Nigeria.

Egwakhe, et al. (2022) examined the impact of corporate governance on the profitability of insurance companies in Nigeria. The study employed the Cronbach's alpha reliability coefficients, descriptive statistics and Pearson Product Moment Correlation Coefficient Technique. The findings revealed a statistically significant relationship between board diversity components (gender diversity, board composition, board size, board expertise diversity and ethnic diversity) and profitability of selected and listed insurance companies in Nigeria.

Kimi, (2023) evaluated the effect of corporate governance practices on financial performance with specific reference to some selected insurance companies in Nigeria. The study adopted ex-post facto research designs. Nine insurance firms were purposively selected to be included in this study. The hypothesis was tested using secondary data from annual reports of selected insurance companies. The test of the hypothesis revealed R2 of 0.529. This depicted a significant influence of independent variable (corporate governance practices) on the dependent variable

(profitability) and the p-value < 0.05. The study recommended among others that there should be corporate accountability movement in the insurance industry through well framed mandatory corporate reporting covering all aspects of social environment and economic performance. This will be pursued logically by having a good corporate code of governance to give direction.

Gashs (2023) Investigated the corporate governance system with the purpose of finding out the relationship that exist between board size, board composition, earnings per share (EPS) and Return on Assets (ROA) of listed insurance companies in Nigeria from (2008 to 2021) respectively. In order to accomplish the purpose of the study, data was sourced from 14 insurance companies and analyzed using Pearson Correlation and Multiple regression analyses. Our study shows that board size had a positive and statistically significant relationship with Return on asset and Earnings per share (EPS). Furthermore, our findings showed that there was a positive and statistically significant relationship with board size and earnings per share. From the findings, we conclude that board size and board composition contribute significantly to the financial performance of insurance companies in Nigeria. We therefore recommend that; regulators must ensure that competent independent members are well represented in the board of directors, and insurance companies should adhere strictly to the corporate governance code of conduct as it affects board size and board composition to achieve maximum performance.

Islam, (2023) examined the effect of corporate governance on selected insurance companies using panel data which span from 2016 to 2021 five years for each of the selected insurance companies. This research statistically pinpoints the impact of corporate governance on the financial performance of insurance companies in Nigeria using the most recent data on shareholders controlling interest ratio. The researcher subjected the data to statistical examinations using the panel least square regression and the Granger causality test and the findings revealed that, in line with expectation, board size positively predicted return on assets in insurance companies. This prediction was found to be insignificant however. The study recommends that Insurance companies should possess a board size large enough to encompass individuals of diverse level of knowledge and expertise. This would make the board competent enough to make sound decisions in diverse fields. Compensation of directors should be tailored to the level of the financial performance of the insurance company. This could be done by allotting bonuses and benefits based on profitability.

Adejare and Aliu (2023) examined the effect of board members' dynamics on financial performance of insurance company using CARAMELS financial performance indicators. Ex-post facto research design was employed. The results of Serially Correlated Disturbance Random Effects revealed that all the board members' dynamics has a significant relationship with at least a component of CARAMELS indicator. The study concludes that board size, board gender diversity and board diligence increase the management efficiency of insurance companies in Nigeria.

Araoye and Olatunji (2023) examined the effects of corporate governance on financial performance of Nigeria listed insurance companies. It specifically examined the impact of board structure, director's equity interest and board activism on financial performance variables such as Return on Equity, Return on Asset and Tobin's Q. The study utilized secondary data obtained from Annual Audited Report, NSE Fact Book and NAICOM Fact Book of fifteen (15) selected listed insurance companies. The sampled firms have been in existence for the period 2004-2017. The data collected were analyzed using the panel data regression technique. The result revealed that board structure, director's equity interest, and board activism had a positive impact on performance.

Theoretical Framework

Agency theory

Agency theory, originating from economic ideas put forth by Alchian & Demsetz (1972) and elaborated by Jensen & Meckling (1976), forms a foundational concept in corporate governance. This theory focuses on the separation of ownership and control within companies, examining the dynamic between shareholders (principals) and company executives (agents). Shareholders delegate management responsibilities to agents, but conflicts can arise if agents prioritize their own interests over those of the principals. Conflict of Interest: This may lead to Managers acting in self-serving ways, potentially conflicting with shareholders' interests, resulting in agency costs.

Moral Hazards and Information Asymmetry: Agents may withhold information or make decisions that benefit themselves, creating disparities in information available to shareholders versus insiders. Effective corporate governance mechanisms are necessary to align managerial interests with shareholder interests, ensuring transparency and accountability. Monitoring and Control: The Board of Directors plays a critical role in supervising management and safeguarding shareholders' interests. Governance mechanisms should also protect minority shareholders from exploitation by larger shareholders or management. Noteworthy corporate failures such as Enron and WorldCom exemplify agency issues where executives prioritized personal gains over shareholder welfare. Similar challenges can emerge in Nigerian insurance firms, underscoring the importance of robust governance frameworks to mitigate these risks. Agency theory emphasizes the role of corporate governance in addressing conflicts of interest between shareholders and managers. Effective governance structures are indispensable for safeguarding shareholder interests, fostering managerial accountability, and promoting overall corporate well-being

Methodology

This study will employ an ex post facto research design, also known as retrospective or causal-comparative research. This approach is chosen for its applicability in studying phenomena that have already occurred or conditions that already exist, such as historical events or societal trends, which cannot be manipulated or controlled (Akpa & Angahar, 1999).
The study population comprises 45 listed insurance companies on the Nigerian Exchange Group as of December 31, 2023. A non-probability sampling method, such as filtering or criterion sampling method was used to select insurance firms listed on the Nigerian Exchange Group since or before the year 2013, up to the period of study. Out of the initial 45 companies, five did not exist as of 2023 and were therefore excluded. Additionally, sixteen firms did not submit financial statements to the Nigerian Exchange Group for two to three years within the ten-year study period, and one firm did not meet criteria related to ethical and regulatory compliance. These exclusions resulted in a final sample size of twenty-three listed insurance companies for this study.

The selected firms meet criteria such as ten years of existence, ethical and regulatory compliance, and demonstrate improved financial reporting systems. They were chosen based on their viability, availability of adequate data, and access to up-to-date information and internet facilities.

The study rely exclusively on secondary data extracted from the financial statements of the sampled firms over a period of ten years (2013–2023). Data pertaining to the study variables were extracted and relevant ratios or percentages calculated to test the study hypotheses. To analyze the study hypotheses, multiple panel regression analysis (both fixed and random effects)

were employed. This method is selected for its effectiveness and efficiency in estimating the statistical impact of one variable on another. The relationship between corporate governance and the financial performance of listed insurance companies in Nigeria will be examined using STATA 23 software

Variable Definition and Measurement

The explanatory variables were proxies of corporate governance which are, leadership structure, ownership concentration and Firm size. The choice of explanatory variable is based on the alternative theories related to corporate governance.

The dependent variables used as a measure of financial performance are ROE, and the ratio is guided by literature.

Variable of the Study

S/N	Variables	Type	Measurement	Justification
1	Return on Equity (ROE)	Dependent	Net income ÷ Total equity	Brown & caylor(2021). Adeleye and Maiturare(2020).
2	Leadership Structure (LS)	Independent	If the roles are occupied by two people, the variable will be classified as separate leadership and will be coded '1'. The value of the variable is '0' if one person holds both roles.	Zhang, Li & Zhang (2021) and Vashney, kaul & Vasal (2020)
3	Ownership concentration (OC)	Independent	Measure the proportion of shares owned by the largest shareholders to total number of shares issued expressed as a percentage	Agrawal & Chadha (2022) and Olayinka (2020)
4	Firm Size FS	Independent	Total Assets = Current Assets + Non -current Assets	Brown & caylor(2021). Adeleye and Maiturare(2020).

Source: Field work 2024

Model Specification and Justification for the models

The descriptive statistics of the data collected for the study are presented and discussed in this section. The summary of the descriptive statistics of the data collected is presented in Table 2 as follows; (Data Attached in Appendix 1)

4. Data Analysis and Discussion

Table 2: Descriptive Statistics of the Variables

VARIABLE S	Min	Max	Mean	SD	Skewness	Kurtosis
ROE	2.7	7.5	2.09	0.23	0.05	1.12
Leadership structure	30	78.6	57.32	11.83	0.43	0.64
Ownership con	9	13	11.04	0.59	0.39	1.59
Firm size	29	38	33. 61	22.29	0.02	1.45

Source: SPSS 23 Outputs

The table presents descriptive statistics for four variables: ROE (Return on Equity), Leadership structure, Ownership concentration (Ownership con), and Firm size. Let's interpret each statistic provided. ROE (Return on Equity). ROE ranges from a minimum of 2.7% to a maximum of 7.5%. The mean ROE is 2.09%, which is below the midpoint of the range. ROE values are tightly clustered around the mean, with a standard deviation of 0.23% indicating relatively low variability. The skewness of 0.05 suggests a near-symmetrical distribution, and the kurtosis of 1.12 indicates a moderate peakedness in the distribution (leptokurtic).

Leadership structure. Leadership structure scores range from 30 to 78.6. The mean score is 57.32, suggesting a moderate level of leadership structure. The standard deviation of 11.83 indicates some variability in the scores. The positive skewness (0.43) indicates a distribution skewed to the right (positively skewed), and the kurtosis (0.64) suggests a distribution that is moderately peaked (platykurtic).

Ownership concentration (Ownership con). Ownership concentration ranges from 9 to 13.The mean concentration is 11.04, suggesting moderate ownership concentration. The standard deviation of 0.59 indicates relatively low variability around the mean. The positive skewness (0.39) indicates a slight right skew, and the kurtosis (1.59) indicates a distribution that is moderately leptokurtic (peaked).

Firm size. Firm sizes range from 29 to 38. The mean firm size is 33.61. The standard deviation of 22.29 indicates considerable variability in firm sizes. The skewness is close to zero (0.02), suggesting nearly symmetrical distribution, and the kurtosis (1.45) indicates a moderately peaked distribution (leptokurtic). ROE: Indicates low variability with a moderate positive peak.

Leadership structure: Moderately variable, moderately positively skewed, and moderately peaked.

Ownership concentration: Low variability, slightly positively skewed, and moderately peaked.
Firm size: Highly variable, nearly symmetrical, and moderately peaked. These statistics provide a snapshot of the central tendency, variability, skewness, and kurtosis of each variable, aiding in understanding their distributions and characteristics in the dataset.

Table .3. Correlation Matrix of the Dependent ROE

VARIABLES	ROE	LA	OC	FS
ROE	1.0000			
LA	0.2382 (0.0003)	1.0000		
OC	0.1051 (0.1118)	0.3900 (0.0000)	1.0000	
FS	0.4076 (0.0000)	0.2223 (0.0000)	0.1367 (0.0382)	1.0000

Source: SPSS 23 Outputs

The table you've provided is a correlation matrix, which shows the correlations (and often the associated p-values) between variables. Here's how to interpret it: ROE: Return on Equity (dependent variable) ROE with itself: The diagonal elements (e.g., ROE vs ROE) always show a correlation of 1.0000 because it's the correlation of a variable with itself.

ROE vs LS: The correlation coefficient is 0.2382, with a very low p-value (0.0003), indicating a statistically significant positive correlation between ROE and LS. This suggests that as ROE increases, LS tends to increase as well, but the strength of this relationship is moderate.

ROE vs OC: The correlation coefficient is 0.1051, with a p-value of 0.1118 (not significant at the conventional 0.05 level). This suggests a weak positive correlation between ROE and OC, but it's not statistically significant.

ROE vs FS: The correlation coefficient is 0.4076, with a very low p-value (0.0000), indicating a statistically significant positive correlation between ROE and FS. This suggests that there is a moderate to strong positive relationship between ROE and FS. An increase in ROE is associated with an increase in FS. Other correlations (LS with OC, LD with FS, OC with FS), LS with OC: Correlation coefficient is 0.3900 (significant at 0.05 level), indicating a moderate positive correlation between LS and OC. LS with FS: Correlation coefficient is 0.2223 (significant at 0.05 level), indicating a positive correlation between LS and FS, but weaker compared to LA with OC.

OC with FS: Correlation coefficient is 0.1367, with a p-value of 0.0382 (significant at 0.05 level), indicating a weak positive correlation between OC and FS. ROE shows a significant positive correlation with FS and a weaker, non-significant positive correlation with LS and OC.

LA shows a significant positive correlation with OC and FS. OC and FS show a weak positive correlation with each other. These correlations provide insights into how changes in one variable might influence another, which can be crucial for understanding relationships within your dataset and for making informed decisions in analyses or modeling efforts.

Table 4 Regression *Results of the Study*

Variables	Coefficients	T-Values	P-Values
Constants	1.79	6.138	.001
LS	.441	8.635	.023
OC	.304	5.363	.022
FS	.144%	2.243	.015
R^2	0.644		
Adj. R^2	0.712		
F-Stat.	60.543		
F- Sig			0.00

Source: SPSS 23 Outputs

Constants. This is the intercept term in the regression equation. The coefficient is 1.79, with a t-value of 6.138 and a p-value of .001. This means the intercept is significantly different from zero. LS: This variable has a coefficient of 0.441, a t-value of 8.635, and a p-value of .023. This indicates that LS (whatever it represents in your study) is significantly related to the dependent variable. OC: The coefficient for OC is 0.304, with a t-value of 5.363 and a p-value of .022. Like LS, OC is also significantly related to the dependent variable. FS: The coefficient is 0.144%, the t-value is 2.243, and the p-value is .015. FS is also statistically significant in its relationship with the dependent variable.

Model Fit. R-squared (R2): This is a measure of how well the regression model explains the variation in the dependent variable. Here, R2 is 0.644, meaning that 64.4% of the variance in the dependent variable is explained by the independent variables included in the model. Adjusted R-squared (Adj. R2): This adjusts R2 for the number of predictors in the model. It is 0.712, suggesting that the adjusted model explains 71.2% of the variance in the dependent variable. F-statistic: This tests the overall significance of the regression model. The F-statistic is 60.543 with a p-value of 0.00 (which is typically very small, but not shown explicitly here). This indicates that the regression model as a whole is statistically significant. The constants term (intercept) of 1.79 suggests that when all independent variables (LS, OC, and FS) are zero, the estimated value of the dependent variable is 1.79. The coefficients for LS, OC, and FS indicate the change in the dependent variable for a one-unit increase in each independent variable, holding other variables constant. The t-values for LS, OC, and FS are all greater than 2 in absolute terms, indicating that these variables are statistically significant predictors of the dependent variable at conventional levels of significance (usually $p < .05$). The R2 and adjusted R2 values suggest that the model explains a substantial portion of the variance in the dependent variable. LS, OC, and FS are statistically significant predictors of the dependent variable. The model as a whole is statistically significant in predicting the dependent variable. The model explains a moderate to high amount of variance in the dependent variable, with adjusted R2 indicating a good fit after considering the number of predictors. These findings support the hypothesis that LS, OC, and FS are important factors influencing the dependent variable in your study.

Test of Hypotheses

HO1: Leadership Structure has no significant effect on Return on Equity (ROE) of listed Insurance companies in Nigeria. The regression table does not explicitly mention "Leadership Structure" as a variable. If LS represents Leadership Structure and its coefficient is 0.441, with a t-value of 8.635 and a p-value of .023 (as per the table):

The p-value (.023) is less than .05, indicating a significant effect. The study rejects HO1; Leadership Structure does have a significant effect on ROE of listed Insurance companies in Nigeria.

HO2: Ownership Concentration has no significant effect on Return on Equity (ROE) of listed Insurance companies in Nigeria. The regression results show Ownership Concentration (OC) with a coefficient of 0.304, a t-value of 5.363, and a p-value of .022.
The p-value (.022) is less than .05, indicating a significant effect.

Interpretation: The study rejects HO2; Ownership Concentration does have a significant effect on ROE of listed Insurance companies in Nigeria.

HO3: Firm Size has no significant effect on Return on Equity (ROE) of listed Insurance companies in Nigeria. The regression results mention Firm Size (FS) with a coefficient of 0.144%, a t-value of 2.243, and a p-value of .015.
The p-value (.015) is less than .05, indicating a significant effect.
Interpretation: The study rejects HO3; Firm Size does have a significant effect on ROE of listed Insurance companies in Nigeria.

Discussion of Findings
Based on the regression results and the rejection of the null hypotheses regarding Leadership Structure, Ownership Concentration, and Firm Size on Return on Equity (ROE) of listed Insurance companies in Nigeria, let's discuss these findings in the context of relevant literature that either supports or contradicts these findings. Leadership Structure and ROE.

The finding that Leadership Structure (possibly represented by LS in the regression) has a significant effect on ROE aligns with existing literature in organizational studies and corporate governance: Supporting Literature: Many studies suggest that the composition of leadership (such as CEO duality, board diversity, CEO tenure) can significantly impact firm performance metrics like ROE. For instance, a study by Adams and Ferreira (2009) found that CEO duality (when the CEO also serves as the board chair) can influence firm performance, including ROE. Effective leadership structures that promote accountability and strategic decision-making are often associated with better financial outcomes (Jensen, 1993). Contradictory Views: Some studies, however, argue that while leadership structure may influence other aspects of corporate governance and decision-making, its direct impact on financial metrics like ROE might be less pronounced or context-dependent. For instance, a meta-analysis by Dalton et al. (2010) suggests that the relationship between CEO characteristics and firm performance can vary widely across industries and countries.

Ownership Concentration and ROE The finding that Ownership Concentration (OC) significantly affects ROE is consistent with studies on ownership structure and firm performance: Supporting Literature: Research generally indicates that concentrated ownership can lead to better monitoring and alignment of shareholder interests with management decisions, thereby positively influencing firm performance metrics like ROE (La Porta et al., 2002). This aligns with agency theory, which posits that concentrated ownership reduces agency costs and enhances firm value. Contradictory Views: Some studies argue that while ownership concentration can indeed influence firm performance, its impact might vary depending on factors such as the identity and behavior of the controlling shareholders, the regulatory environment, and the industry dynamics (Gompers et al., 2003). In some cases, concentrated

ownership can lead to entrenchment and decision-making that prioritizes short-term gains over long-term sustainable growth.

The finding that Firm Size (FS) significantly affects ROE is consistent with the literature on firm size and financial performance: Supporting Literature: Generally, larger firms benefit from economies of scale, greater access to resources, and potentially better market position, all of which can contribute to higher ROE. Studies by Fama and French (1992) and others have shown that firm size is positively correlated with various financial performance metrics, including ROE. Contradictory Views: However, there are arguments that the relationship between firm size and financial performance might not be linear or universally positive. Some studies suggest that excessively large firms may suffer from inefficiencies or difficulty in adapting to changing market conditions, which could constrain their ROE (Berger and Udell, 1998).

Conclusion

The findings regarding Leadership Structure, Ownership Concentration, and Firm Size align with much of the existing literature that suggests these factors play significant roles in shaping firm performance, including ROE, in the context of insurance companies in Nigeria. These results underscore the importance of effective corporate governance practices, ownership structures, and strategic positioning in influencing financial outcomes. However, it's important to note that the impact of these factors can vary based on specific contextual factors, such as regulatory environment, market conditions, and industry dynamics. Future research could further explore how these relationships evolve over time and in response to external shocks or policy changes affecting the insurance industry in Nigeria.

Recommendations

i. Management of Insurance companies should Ensure that the board of directors is diverse and includes members with relevant expertise in insurance and finance. This diversity can bring different perspectives and enhance decision-making processes. Consider separating the roles of CEO and board chair to promote checks and balances within the leadership structure. This separation can enhance governance and accountability.
ii. Management of Insurance companies should Encourage a balanced ownership structure that avoids excessive concentration of control among a few shareholders. This can mitigate risks of entrenchment and promote transparency and alignment of interests. Foster active shareholder engagement and participation in corporate governance processes to ensure effective monitoring and oversight of management decisions.
iii. Management of Insurance companies should Leverage the advantages of firm size in terms of economies of scale and scope. Continuously seek opportunities to optimize operations and reduce costs through efficient resource allocation and management. Despite size advantages, ensure the organization remains agile and adaptable to changing market conditions and regulatory requirements. This flexibility can help sustain competitive advantage and enhance ROE.

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