

EFFECT OF CORPORATE GOVERNANCE STRUCTURE ON PERFORMANCE OF LIFE INSURANCE COMPANIES IN NIGERIA: THE MODERATING ROLE OF CORPORATE GOVERNANCE PRACTICES.

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Abstract

In the light of inconsistent results on the impact of corporate governance on the performance of life insurance companies coupled with the low state of life insurance penetration in Nigeria, this study investigated the impact of corporate governance structures such as board size, board independence and board diversity on the performance of life insurance companies in Nigeria. The study also considered the moderating effect of corporate governance practices (audit committee and board composition). Using the existing literature, this study developed a conceptual framework and integrated both theoretical and empirical literature in the area of corporate governance and organisational performance to formulate nine hypotheses. Using a sequential explanatory research design, the study adopted a survey research design and a case study. Both the questionnaire and interview guide were used to collect quantitative and qualitative data, respectively. The quantitative data collected was subjected to exploratory and confirmatory statistical methods. Hierarchical multiple regression analysis was conducted to test the hypotheses formulated for the study, and the results showed that board diversity has a positive and significant effect on the performance of life insurance companies. The study also found that board composition moderated the relationship between board diversity and the performance of life insurance companies. However, the study reported that the audit committee does not moderate the relationship between board diversity and the performance of life insurance companies. This study recommends that managers and policymakers should pay closer attention to issues relating to board diversity as well as other related matters that might improve good corporate governance, improve creativity and organisational performance.

Keyword: Corporate Governance, Organisation Performance, Insurance, Board Size, Board Independence, Board Diversity, Board Composition, Audit Committee.