

# Ownership Structure and Financial Performance: Evidence from Listed Insurance Companies in Nigeria

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**Abstract:** *This study investigated ownership structure and financial performance of listed insurance companies in Nigeria. It specifically examined how board diversity, board size, and directors' shareholding affect return on capital employed of listed insurance companies in Nigeria. An ex-post facto research design was used in the study. Only ten (10) listed insurance businesses in Nigeria were chosen as the sample size, out of the nineteen (19) listed insurance firms in Nigeria that are listed on the Nigerian Exchange Group. The annual reports and accounts of the chosen companies served as the secondary source of the data, which was then subjected to multiple regression analysis and descriptive statistics. The findings showed that while directors' shareholdings had no discernible effect on return on capital employed of Nigerian listed insurance businesses, board diversity and size had a substantial effect. The study concluded that board diversity and board size served as good predictors of return on capital employed of Nigerian listed insurance businesses. As a result, the study recommended that Nigerian listed insurance firms should emphasize and improve board diversity with regard to gender, as a diverse board promotes more creative thinking, more viewpoints, and better decision-making, all of which raise return on capital employed, while also focusing on maximizing the size of their boards by making sure that there are enough directors to strike a balance between representation and efficiency.*

**Keywords:** board diversity, board size, directors' shareholding, financial performance, ownership structure and return on capital employed.

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## INTRODUCTION

Investors and other stakeholders of insurance companies are very interested in financial performance as it shows how well a company is doing and if it will survive. Because an insurance firm's financial performance demonstrates how successfully the company organization uses investor money and creates revenue from investments, it has become a matter of interest to shareholders (Tanko, 2021). To improve their performance, financial managers use finance-related strategies to ensure that their various firms have an optimal capital structure (Mohammed, 2022). Financial performance demonstrates the results of an insurance company's strategic plans and financial operations; financial performance is still crucial for company's governance tool like ownership structure.

One crucial internal company governance tool is ownership structure. It is characterized by the identification of the equity owners and the allocation of equity in terms of capital and votes. Because they influence managers' incentives and, consequently, the financial viability of the companies they oversee, these structures are crucial to corporate governance (Fauzi, 2017).

Moreover, ownership structure encompasses more than just ownership identity and concentration, it also includes the general disposition and behavior of the owners and management in terms of their general skills and abilities (Topanjah, 2016). Furthermore, Ajagbe and Ismail (2019) contended that ownership structure is determined by the identity of the equity owners as well as the allocation of equity in terms of capital and votes.

It is therefore considered that there is a link between ownership structure and financial performance of listed insurance companies in Nigeria, since ownership identity and concentration affect the motivations of all parties involved in the companies, which in turn affects the company's capacity to resolve agency issues (Chen, 2018).

Despite the critical role that insurance companies play in fostering economic growth and financial intermediation, the Nigerian insurance industry continues to struggle with low investor trust and subpar financial performance. One of the primary concerns among scholars and practitioners is the extent to which corporate governance procedures, specifically ownership structure elements like board size, directors' shareholding, and board diversity, impact these organizations' financial performance (Owolabi & Obida, 2022). In addition, given the complexity of Nigeria's insurance sector, a more in-depth examination of the ways internal governance dynamics enhance business financial performance, efficiency, and long-term sustainability is required.

For instance, board diversity, particularly in terms of gender, professional experience, and ethnicity, is another element of ownership structure that has garnered more attention. Diversity is thought to enhance board discussions, innovation, and access to a variety of perspectives (Carter

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et al., 2023). However, little is known regarding the extent to which board diversity influences the financial performance of listed insurance companies in Nigeria due to the country's distinct institutional, cultural, and regulatory features.

In addition, board size has been a contentious issue in corporate governance discussions. Although larger boards may offer more supervision and a greater range of experience, they may also lead to problems with coordination and less effective decision-making (Jensen, 2021). Conversely, smaller boards could encourage speedier decision-making, but they might lack the expertise needed to guide business strategy. The need for further sector-specific research is shown by inconsistent empirical evidence about the relationship between board size and financial performance in Nigeria's insurance industry (Uwuigbe 2024).

Similar to this, it has been suggested that reducing agency concerns may be achieved by the ownership of directors, which represents the alignment of management and shareholder interests, which can be termed directors' shareholding. According to agency theory, when directors own stock in a firm, their personal wealth is correlated with its performance, aligning their interests with those of external shareholders (Fama & Jensen, 2019). However, excessive ownership concentration may result in entrenchment and managerial opportunism in emerging countries like Nigeria, where regulatory enforcement is frequently slack (Ezeoha, 2017).

Given these considerations, it is essential to investigate how the financial performance of Nigerian listed insurance companies is affected by ownership structure components such as board size, directors' shareholding, and board diversity. This inquiry is crucial in light of recent developments in Nigeria's financial service industry that aim to enhance corporate governance and company responsibility. If these dynamics are not properly understood, efforts to enhance the insurance industry's stability, efficiency, and financial performance may be misguided or unsuccessful. This study examines the influence of ownership structure on financial performance of Nigerian listed insurance enterprises, addressing the following objectives:

- i. To evaluate the effect of board diversity on return on capital employed of listed insurance companies in Nigeria.
- ii. To determine the effect of board size on return on capital employed of listed insurance companies in Nigeria.
- iii. To examine the effect of directors' shareholding on return on capital employed of listed insurance companies in Nigeria.

## LITERATURE REVIEW

### Conceptual Review

#### Financial Performance

Okewale et al. (2020) asserted that financial performance as a term has no agreed-upon meaning. The status of a company's affairs is described by its financial performance. When reviewing a company's financial performance, the emphasis should be on producing an adequate description of the concept that highlights the numerous factors to consider when measuring financial performance of a company.

Erikie and Osagie (2017) expressed that financial performance involves the monetary measurement of a company's operational and policy results. These are represented in the firm in terms of return on investment, return on assets, and value produced. A company's financial performance indicates its subjective capacity to use key business resources to produce profits.

Omali and Okpala (2020), opined that financial performance is also a generic measure of the general financial wellness of a company within a particular time frame. It can be used to compare similarly related companies in the same industry or industries and sectors as a whole. Malik and Okere (2020) revealed that the financial performance is a measure that evaluates the financial position of a company within a specified time frame to establish its efficiency in utilizing its resources to generate revenue.

Performance measurement systems are the foundations of the development of strategic plans and the definition of how well businesses achieve their objectives and goals (Alderfer, 2021). Good performance, which can be split into financial and business performance, is the key to an organization survival (Gibcus & Kemp, 2021). Financial performance, often a necessity to organizational effectiveness, is often measured in terms of accounting-based measures like return on assets, return on equity, and return on sales. Conversely, the business performance is determined on the basis of market-related factors such as market share, product development, diversification, and the general performance of the market (Gibcus & Kemp, 2021).

#### Return on Capital Employed (ROCE)

Return on capital employed is a prominent financial performance measurement that measures how successfully a corporation uses its capital to generate profits. It is the return on the total amount of capital invested in the firm, including debt and stock. ROCE is regarded as more complete than some other measurements of profitability like return on equity and return on assets since it takes into account the company's long-term financing structure. This makes it especially helpful in sectors with high capital intensity (Akinyomi & Olagunju, 2022).

When it comes to business success, ROCE is a measure of how well debt and equity funding are used. Strong operational success and sound financial health are indicated by a greater ROCE, which indicates that the company is making significant profits from its capital base (Onyema & Eze, 2021). On the other hand, a low ROCE might be a sign of poor resource use, managerial inefficiencies, or expensive capital expenditures that reduce profitability. Investors frequently use ROCE to analyze the performance of listed businesses because it offers a trustworthy foundation for determining how effectively capital is used to generate returns, particularly when analyzing companies in the same industry (Okafor, 2023).

Furthermore, ROCE is an essential performance measuring tool for strategic planning and decision-making. It helps managers to assess the effectiveness of investments and pinpoint areas where capital allocation needs to be improved. ROCE has become more well-known in the Nigerian financial industry as stakeholders, analysts, and regulators want listed companies to provide sustainable returns and be accountable (Obi & Oladipo, 2022). ROCE is an essential ratio for analyzing long-term financial sustainability since it provides a balanced perspective of performance by measuring both profitability and capital efficiency.

### **Ownership Structure**

Ownership structure is important in Nigerian insurance businesses because it affects risk management procedures, financial performance, and corporate governance. Ownership structure is a key factor in determining the stability and expansion of organizations in Nigeria's insurance sector, which is mostly governed by the National Insurance Commission (NAICOM) and demands sufficient capitalization and transparency. Ownership structure therefore involves the distribution and makeup of an organization's stock holdings, as well as the degree of influence that institutional investors and shareholders have on managerial choices (Ogoloma, 2020).

Concentrated ownership and distributed ownership are the two primary ownership structures seen in Nigerian insurance firms. When a small number of people, families, or institutional investors own the majority of the firm, they have considerable influence over its policies and decision-making. This is known as concentrated ownership. Conversely, dispersed ownership limits the influence of any one party by distributing shares broadly among several stockholders (Okafor & Ezeaku, 2019). Concentrated ownership is more common in Nigerian insurance firms, which frequently leads to stricter management oversight but also carries the danger of excluding minority shareholders (Ofoegbu & Odoemelam, 2018).

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Insurance firms in Nigeria were forced to reorganize their shareholdings, draw in foreign investors, and combine operations through mergers and acquisitions as a result of NAICOM's recapitalization regulations, particularly those implemented in 2007 and 2019. Enhancing financial stability, safeguarding policyholders, and putting Nigerian insurers in a competitive position internationally were the goals of these changes (NAICOM, 2020).

### **Board Diversity**

Nuhu and Ahmad (2022) described board diversity as the range of qualities, traits, and viewpoints that are represented on the board of directors. These include nationality, gender, age, ethnicity, educational background, and work experience. Because it improves the quality of decision-making, fosters inclusivity, and fortifies the board's capacity to meet the requirements of many stakeholders, diversity on corporate boards is seen as an essential element of effective governance.

The National Insurance Commission (NAICOM) Governance Code (2021) and the Financial Reporting Council of Nigeria (FRCN) Code of Corporate Governance (2018) both stress the value of diversity in board composition, especially with regard to gender and professional experience, as they believed diverse boards in Nigerian insurance firms enhance stakeholder confidence, strengthen governance, and increase risk supervision (Okafor, 2020).

In Nigeria, one of the most talked-about aspects of board diversity is still gender diversity. Also, Odoemelam and Okafor (2018) opined that having more women on boards improves corporate social responsibility, transparency, and moral decision-making, therefore, gender-diverse boards of Nigerian financial institutions like insurance firms have a good impact on stakeholder involvement and sustainability reporting. The focus of this study is therefore board gender diversity.

### **Board Size**

The National Insurance Commission (NAICOM) Code of Corporate Governance (2021) governs the size of boards in the Nigerian insurance industry. It states that insurance companies must have a board that is both sufficiently large to provide a range of expertise and efficient oversight, but not too big to impede decision-making. Board size has a major impact on governance and financial success in Nigerian insurance businesses, according to empirical data.

However, Ogoloma (2020) asserted that board size involves the number of executive and non-executive directors that make up an organization's governing body. Therefore, in order to minimize agency conflicts between managers and shareholders, an ideal board size helps strike a balance between management oversight and efficient decision-making. For instance, Okafor and Ezeaku (2019) discovered that modestly sized boards often have better oversight and adherence to industry rules, which boosts the financial stability and reputation of the company, while very huge boards might hinder decision-making and make cooperation difficult, thereby affecting the firm's financial performance.

In Nigerian insurance companies, board size also affects corporate sustainability and risk management. Insurance firms handle investment portfolios, underwriting exposures, and long-term risks that need for strict control. As a result, larger boards with a range of backgrounds in law, actuarial science, and finance enhance insurance firms' capacity to control risks and adhere to global governance norms (Adegbie, Akintoye & Olayinka, 2021).

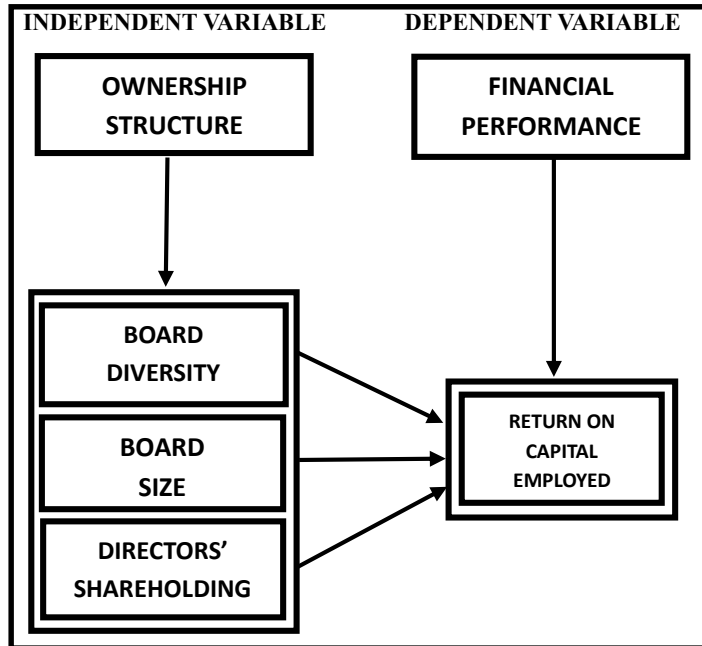
### **Directors' Shareholding**

Uwuigbe and Adegbite (2019) expressed that directors' shareholding involves the percentage of a company's equity held by its board members—both executive and non-executive—as a result of their participation in corporate governance and decision-making. Because it establishes how closely the interests of the directors and shareholders match, it is seen as a crucial ownership structure variable. Since their personal wealth is closely linked to the company's financial success, agency theory states that directors who own a sizable portion of the company are more inclined to take actions that safeguard and increase shareholder value (Uwuigbe & Adegbite, 2019).

The numbers of shares held by directors can have a variety of effects on the success of the company. The value of the company is increased by moderate ownership levels since they usually lower agency costs and motivate directors to strive for long-term efficiency and profitability. But too much ownership can lead to entrenchment, when directors have disproportionate power and put their own or their group's interests ahead of the interests of all shareholders (Obigbemi & Uwuigbe, 2021).

Okeke and Eze (2022) asserted that the best directors' shareholding enhances stability, monitoring, and return on capital employed (ROCE), however a concentration of shares in a small number of directors may reduce board independence. Directors' shareholding is therefore a crucial mechanism that connects ownership structure and company success (Uwuigbe & Adegbite, 2021).

### Conceptual Model



**Figure 1:** Conceptual Model

Source: Researchers (2026)

### Underpinning Theory

#### Agency Theory

Jensen and Meckling introduced Agency Theory in year 1976. According to the idea, managers (agents) are hired to operate in the best interests of shareholders (principals); yet, conflicts frequently occur when managers prioritize their own objectives above maximizing shareholder value. The fundamental premise is that by bringing managers' interests into line with shareholders', ownership structure features like directors' shares and board supervision may reduce agency costs.

Obigbemi and Uwuigbe (2021), one of the proponents of agency theory, contend that weak board structures and distributed ownership raise agency costs, which in turn lower financial performance. In order to reduce opportunistic conduct, they stress the need of directors' ownership interests and an appropriate board size. However, detractors such as Okeke and Eze (2022) contend that an overabundance of directors' ownership may result in self-serving practices and entrenchment, undermining board independence. Although agency theory offers a framework for ownership-performance connections, this critique contends that it could fall short in capturing the intricate governance realities of developing markets such as Nigeria.

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Agency theory is related to this study and as well employed as one of the study's underpinning theories because it has a direct relationship to ownership structure factors like directors' shareholding and board size. Agency theory offers a crucial lens through which to view how governance processes impact return on capital employed (ROCE) in Nigerian listed insurance businesses, where accountability and transparency continue to be issues.

### **Stewardship Theory**

Donaldson and Davis presented the Stewardship Theory in 1991. It is predicated on the ideas that trust, empowerment, and cooperation result in improved performance results and that managers (stewards) are inherently driven to behave in the best interests of shareholders. In contrast to agency theory, stewardship theory contends that dedication, loyalty, and common objectives among directors with equity ownership and larger, more diverse boards may improve company performance.

Stewardship-oriented governance, according to proponents like Davis, Schoorman, and Donaldson (1997) and more recently Okafor (2021), increases company profitability because managers see themselves as stewards of organizational performance. However, detractors like Ujunwa (2019) point out that in places like Nigeria, where self-interest frequently takes precedence over group interests, stewardship presumptions might not hold true. However, new research from Africa indicates that if stewardship concepts are supported by strong corporate governance regulations, they can still improve financial performance (Akinyomi & Adegbite, 2020).

Because directors' shareholding and board diversity may promote stewardship behaviours where directors act as caretakers of shareholders' wealth, this study therefore views stewardship theory as pertinent. This notion is especially relevant to insurance companies in Nigeria, because gaining the trust of investors is essential to long-term success.

### **Empirical Review**

Hassan and Tanko (2023) examined the impact of independent directors on the link between ownership structure and financial performance in Nigerian listed insurance companies. Return on asset is utilized to measure financial performance, independent directors function as a moderator, and institutional and management ownership are the ownership structure elements in this study. The twenty-three (23) listed insurance companies in Nigeria that comprise the study's population comprise the sample. Multiple regressions and secondary data are used in this study which covers from 2013 to 2022. The study's conclusions show that managerial and institutional ownership have little and detrimental influence on the financial performance of Nigerian listed insurance companies. The link between financial success, management ownership, and institutional ownership is positively impacted by independent directors.

Ogunleye et al. (2023) examined the connection between Nigerian listed insurance companies' ownership structures and timely financial reporting. The influence of management ownership, ownership concentration, and institutional ownership on financial reporting timeliness was explored by analyzing the financial statements of 18 publicly traded insurance companies from 2017 to 2021. Regression analysis was used to investigate the correlations between ownership structure characteristics and financial reporting timeliness, which is defined as the time between the fiscal year's end and the public publication of the financial statement. The results showed a significant correlation between ownership concentration, institutional ownership, and reporting timeliness, but no statistically significant correlation between management ownership and reporting timeliness.

Ajadi et al. (2022) examined how ownership structure affected the audit quality of Nigerian listed insurance companies. During the review period, 18 insurance firms' annual reports included secondary data. The data was analyzed using logistic regression, and the findings revealed that managerial ownership had a positive but negligible effect on the audit quality of Nigerian listed insurance firms, whereas institutional ownership, stock-holding ownership, and foreign ownership significantly affect audit quality. It was therefore concluded that the efficacy of institutional investors' monitoring will raise the likelihood that they will work with Big 4 audit firms.

Kirimi et al. (2022) investigated the connection between Kenyan commercial banks' ownership structure and financial performance from 2009 to 2020. The information was gathered from 39 Kenyan commercial banks audited financial accounts. The regression analysis results revealed that ownership structures had an important role in explaining variances in commercial bank financial performance. The results revealed that ownership arrangements had the greatest influence on return on assets and net interest margin. It was determined that ownership arrangements had minimal impact on earnings per share and return on equity. The findings revealed a negative relationship between net interest margin and state ownership, profits per share and management ownership, institutional ownership and return on assets, and foreign ownership and earnings per share.

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Abdulkadri et al. (2021) analyzed as an internal control mechanism, the ownership structure plays a crucial role in shaping efficient corporate governance procedures that guarantee accurate financial reporting. Therefore, this study looked at how director shareholding and institutional share ownership affected the timeliness of financial reporting for Nigerian listed insurance businesses. The sample included twenty-one (21) publicly traded insurance companies based on panel data from 2012 to 2018. The data was analyzed using panel regression analysis. The study's findings show that both institutional ownership and director shareholding significantly reduce the timeliness of financial reporting for Nigeria's publicly traded insurance companies. The study found that institutional ownership and director shareholding both considerably cut down on the delays related to financial reporting for Nigerian listed insurance businesses.

Ukolobi and Jeroh (2020) evaluated the relationship that exists between ownership structure structures and financial performance measures for businesses. The study specifically aimed to investigate the statistical relationship between performance metrics and ownership by CEOs, managers, institutions, governments, families, and foreigners. Return on equity, return on asset, earnings per share, Tobin's Q, and sales growth are the performance metrics of interest. Twenty-eight publicly traded companies in the financial services industry (banks and non-bank entities) provided the secondary data. The ten-year period covered by the data was 2009–2018. Models were created in accordance with the study's hypothesis, and multivariate regression analysis and canonical correlation were used, among other methods, for analysis. The results of the multivariate regression analysis also showed that ownership structure constructs had a significant impact on return on assets, earnings per share, and Tobin's Q, while their effects on return on equity and revenue growth were not.

Omorokunwa and Idubor (2020) used the panel regression approach to ascertain the impact of ownership structure on Nigerian banks' profitability between 2006 and 2018. For this investigation, twelve Nigerian banks that were cited were chosen. The study examined key ownership structure variables, including chief executive office ownership, board ownership, institutional ownership, foreign ownership, and performance variable indicator (proxied by return on asset). According to the study's findings, chief executive officer ownership, foreign ownership, and institutional ownership all significantly and favorably affect banks' performance. However, board ownership has a detrimental effect on banks' performance.

Lawal et al. (2018) examined the impact of ownership structure on the financial performance of insurance companies listed on the Nigerian Stock Exchange between 2011 and 2016. The study used a descriptive research approach to examine how ownership structure affects the financial performance of Nigerian listed insurance companies. The regression approach was used for model estimation in addition to the correlation panel and descriptive statistics. As independent variables, ownership concentration, institutional ownership, and management ownership were used to represent ownership structure. Book value per share served as a stand-in for firm financial performance, which was the dependent variable. According to this study, institutional ownership

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had a large favorable impact on the listed insurance companies' financial performance, whereas management ownership had an insignificantly positive effect. Additionally, the financial performance of the company was significantly impacted negatively by concentrated ownership.

As a result of the conflicting findings on ownership structure and financial performance of listed insurance companies in Nigeria as examined from the results of the aforementioned empirical studies, this study therefore adds to the existing body of knowledge on the subject matter by testing the following null hypotheses:

- H<sub>01</sub>:** Board diversity does not significantly affect the return on capital employed of listed insurance companies in Nigeria.
- H<sub>02</sub>:** Board size has no significant effect on return on capital employed of listed insurance companies in Nigeria.
- H<sub>03</sub>:** There is no significant effect of directors' shareholding on return on capital employed of listed insurance companies in Nigeria.

## METHODOLOGY

This study utilized an ex post facto research design. This research approach was chosen since the study's purpose was to gather critical information on the state of a certain phenomenon after a time of naturally occurring therapy without changing the environment. All nineteen (19) Nigerian insurance businesses that were listed on the Nigerian Exchange Group as of December 31, 2024, comprise the study's target population. A sample size of ten (10) listed insurance firms covering the years 2015–2024 was chosen for this study with the use of purposive random technique. Mutual Benefit Assurance, Coronation Insurance Plc, Linkage Insurance Plc, Prestige Assurance Plc, AIICO Insurance Plc, NEM Insurance Plc, Axamansard Insurance Plc, Universal Insurance Plc, Cornerstone Insurance Plc, and Regency Insurance Plc have been selected as listed insurance companies. The annual reports and accounts of the 10 selected insurance companies listed on the Nigerian Exchange Group provided secondary data for this study. Multiple regression analysis, correlation analysis, and descriptive analysis were utilized to evaluate and compare the impact of independent variables on the dependent variable. The multiple linear regression model that was used to evaluate the relationship between the independent and dependent proxies employed by the study was illustrated below:

$$ROCE = f(BS, BD, DS) \dots \dots \dots i$$

The following is how the model was developed to fit the study:

$$ROCE = \alpha + \beta_1 BD + \beta_2 BS + \beta_3 DS + \mu \dots \dots \dots ii$$

Where:

**Dependent Variable:**

ROCE = Return on Capital Employed

**Independent Variables:**

BD = Board Diversity

BS = Board Size (Independent Variable)

DS = Directors' Shareholding (Independent Variable)

 $\alpha$  = Constant $\beta_1$ -  $\beta_3$  = Regression Coefficient $\mu$  = Error term.**RESULTS**

In this section, descriptive and inferential analysis were conducted in order to improve the validity of the findings on ownership structure and financial performance of listed insurance companies in Nigeria.

**Presentation of Results****Table 1 Descriptive Analysis**

	ROCE	BD	BS	DS
Mean	0.113670	9.640000	0.210263	0.210086
Median	0.087500	9.000000	0.180000	0.125284
Maximum	1.411000	16.000000	0.500000	0.844881
Minimum	-0.452000	4.000000	0.080000	8.30E-06
Std. Dev.	0.192985	2.376314	0.109909	0.252401
Skewness	2.875625	0.079005	0.660363	1.027951
Kurtosis	22.53684	2.932875	2.438242	2.786676
Jarque-Bera	1728.187	0.122805	6.522981	17.80101
Probability	0.000000	0.040445	0.038331	0.000136
Sum	11.36700	964.0000	15.98000	21.00858
Sum Sq. Dev.	3.687070	559.0400	0.905995	6.306929
Observations	100	100	100	100

Source: E-Views Output, 2026.

The descriptive findings were displayed in the above table. The average values for ROCE, BD, BS, and DS were found to be 0.113670, 9.640000, 0.210263, and 0.210086, respectively. Given its highest average value of 9.640000 in compared to the other independent variables, the average value demonstrated that BD is a good predictor of the dependent variable (ROCE). The variables' maximum values were discovered to be 1.411000, 16.000000, 0.500000, and 0.844881, in that order. In contrast, the variables' lowest values are displayed as -0.452000, 4.000000, 0.080000, and 8.30E-06. Furthermore, the analysis discovered that the probability values (0.000000, 0.040445, 0.038331, and 0.000136) of the Jarque-Bera test are less than the 0.05 significant

threshold, suggesting that the data collected for all variables is not regularly distributed. Additionally, the standard deviation numbers were displayed as 0.192985, 2.376314, 0.109909, and 0.252401, in that order.

**Table 2 Hausman Test**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.364556	3	0.7139

Source: E views Output, 2026

This investigation made use of the Hausman Test in order to establish the more effective model. The test result of Hausman is 0.7139, which exceeds 5 percent. This is an indication that Fixed Effect is not as effective as Random Effect.

**Table 3 Random Effect Regression Result**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.171012	0.107802	1.586353	0.1170
BD	0.007915	0.009838	-2.804523	0.0237
BS	0.015779	0.196965	0.080109	0.0364
DS	-0.019631	0.099031	0.198229	0.8434
R-squared	0.809327	Mean dependent var		0.052694
Adjusted R-squared	0.731951	S.D. dependent var		0.136570
S.E. of regression	0.139102	Sum squared resid		1.393149
F-statistic	0.225948	Durbin-Watson stat		1.660435
Prob(F-statistic)	0.000055			

Source: E-views Output, 2026

The value of the test carried out at random suggests that the constant is 0.171012; it implies that the increase in the return on the capital employed will be the same given that other factors remain unchanged. The board diversity coefficient of 0.007915 depicts the increase of the return on capital employed will increase by the same coefficient as the board diversity increases by a unit. The board

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size coefficient is 0.015779 and equivalent to say that every unit increase in board size will increase the return on capital used by the same percentage. Lastly, the coefficient value of -0.019631 of directors' shareholding means that the value of returns on capital employed will decrease in proportion to the increase of one unit of directors' ownership.

The significance of the variable is also evident in the random test table showing that directors shareholding (0.8434) has no observable effect on the returns on capital employed of listed insurance companies in Nigeria but board diversity (0.0237) and board size (0.0364) have significant effect as the values fall below 0.05 threshold.

By the coefficient of determination  $R^2$ , which is at 0.809327, the explanatory factors explain 81 percent of the variance of return on capital employed with the remaining 19 percent explained by the error term, which is explained by the not-included variables in the model. Also, upon the elimination of the degree of freedom, the adjusted  $R^2$  (0.731951) that indicates the goodness of fit of the regression is high at 73%. Durbin Watson statistics of the model (1.660435), demonstrates the non-existence of the autocorrelation between the variables as the value falls above 1.5 threshold.

F-statistics: The F statistic with a p-value less than 5 percent (0.05) can be accepted by the investigation and rejected by the null hypothesis. Otherwise, it is possible to reverse the state of affairs in the research.

Based on the result, the p-value is (0.000055) that does not exceed 5percent level of significance. The null hypothesis ( $H_0$ ) is therefore rejected that the overall estimate has a good fit and the implication of this finding is that the independent variables are simultaneously significant.

## Interpretation of Results

### Test of Hypotheses

**H<sub>01</sub>:** Board diversity does not significantly affect the return on capital employed of listed insurance companies in Nigeria.

The p-value of board diversity from the regression result shows 0.0237 which was interpreted to be statistically significant. This means that the study rejects the null hypothesis and restates that board diversity has significant effect on return on capital employed of listed insurance companies in Nigeria.

**H<sub>02</sub>:** Board size has no significant effect on return on capital employed of listed insurance companies in Nigeria.

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The p-value of board size shows 0.0364 which was interpreted to be statistically significant. This means that the study rejects the null hypothesis and then restates that board size has significant effect on return on capital employed of listed insurance companies in Nigeria.

**H<sub>03</sub>:** There is no significant effect of directors' shareholding on return on capital employed of listed insurance companies in Nigeria.

The p-value of directors' shareholding from the regression result was shown as 0.8434 which was interpreted to be statistically insignificant. As a result, the study accepts the null hypothesis and then concurs that there is no significant effect of directors' shareholding on return on capital employed of listed insurance companies in Nigeria.

## DISCUSSION OF RESULTS

This study focused on the ownership structure and financial performance of listed insurance businesses in Nigeria. Board diversity, board size, and directors' shareholding were used as proxies for ownership structure, while return on capital utilized was used to proxy financial success. However, it was noted that the findings of some of the empirical research analyzed by this study concurred with the conclusions of this study, while others did not, as explain thus:

At the 5% level of statistical significance, the study concludes that board diversity significantly affects the return on capital of Nigerian listed insurance businesses. This result is associated with the research conducted by Ogunleye et al. (2023), however it is not associated with the research conducted by Hassan and Tanko (2023).

The results showed that the size of the board significantly affects the return on capital of listed Nigerian insurance businesses. This result does not connect to the results of Lawal et al. (2018), but it is in line with Eluyela, Okere, Otekunrin, Okoye, Festus, and Ajetunmobi (2020).

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Additionally, it was discovered that the return on capital utilized by the selected insurance businesses in Nigeria is not considerably affected by diversity ownership. This conclusion supports the findings of the research of Ogunleye et al. (2023), but it contradicts the findings of Ukolobi and Jeroh (2020) and Abdulkadri et al. (2021).

## **CONCLUSION AND RECOMMENDATIONS**

### **Conclusion**

The following conclusions were reached in line with the study's findings:

The result revealed that a unit increase in board diversity resulted in an increase in return on capital employed, with a standard error of 0.009838 and a probability value of 0.0237 that was less than 0.05. As a result, the study suggests that board diversity, as assessed by board gender, is a good predictor of return on capital utilized for the chosen Nigerian insurance businesses.

It was observed that board size has a probability value of 0.0364 that was less than 0.05, and as a result, board size was interpreted to have significant effect on ROCE of the chosen insurance firm. The board size coefficient is 0.015779 and equivalent to say that every unit increase in board size will increase the return on capital used by the same percentage. Based on these findings, the study concluded that stakeholders of listed insurance companies can rely on board size to predict return on capital employed of the firms.

Finally, the p-value of directors' shareholding was shown as 0.8434 which was higher than 0.05, and as a result, directors' shareholding was interpreted to have no significant effect on ROCE of the chosen insurance firms. The results also showed that the value of return on capital at work will decrease in proportion to the increase of one unit of directors' shareholding. The study came to the conclusion that directors' shareholding had no discernible effect on the return on capital employed of Nigerian listed insurance companies.

### **Recommendations**

In tandem with the findings and conclusion drawn in the course of this study, the following recommendations were offered:

Board diversity in terms of gender should be given top priority by listed Nigerian insurance firms. A diverse board promotes more creative thinking, more viewpoints, and better decision-making, all of which raise return on invested money. In order to increase performance, regulators like the National Insurance Commission (NAICOM) should also create regulations that promote inclusion and guarantee that businesses use diversity as a strategic weapon.

Listed insurance firms in Nigeria should focus on maximizing the size of their boards by making sure that there are enough directors to strike a balance between representation and efficiency.

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Strategic results can be improved by a somewhat big board size since it fosters better discussion, offers a wider range of knowledge, and lowers the possibility of groupthink. Businesses must, however, steer clear of overly big boards, which might impede decision-making and lead to administrative inefficiencies. Instead, they should make sure that the size of the board stays within an ideal range to improve performance.

Lastly, listed insurance companies in Nigeria should not depend too much on stock ownership to match directors' interests with business performance. To improve accountability, businesses might instead use different corporate governance practices including performance-based pay, frequent board reviews, and stringent compliance monitoring. This will guarantee that directors continue to be dedicated to the expansion of the organization without relying on ownership as a driving force.

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