

EFFECT OF BOARD SIZE AND CEO TENURE ON PERFORMANCE OF QUOTED INSURANCE FIRMS IN NIGERIA

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Abstract

The Nigerian insurance industry still seems to be performing below expectation despite all efforts of owners, managers and government regulation. This study examined the effect of board size and CEO Tenure (being corporate governance mechanisms) on performance (Tobin Q) of quoted insurance companies in Nigeria from 2008-2019. The research design used in the study is the exploratory research design. The population for this study is all twenty-three (23) insurance firms listed on the Nigerian Stock Exchange (NSE) as at December, 2019. Secondary data was collected and analysed for this study, sourced from Central Bank of Nigeria's (CBN) Statistical Bulletin, Nigerian Stock Exchange (NSE) Fact book and the listed firm's published financial statements for the period of 2008-2019. Panel regression technique was used to analyse the data. The study found out that board size has no significant effect on the performance of quoted insurance firms in Nigeria as measured by Tobin's Q while CEO Tenure had a positive and significant effect. The study recommends that since board size has been insignificant to performance but shows a positive effect, then the ownership of quoted insurance firms in Nigeria should continue to improve on their board size practices so that it may become significant while they continue with their CEO tenure practices since it is already positive and significant to performance.

Keywords: Board Size, CEO Tenure, Performance, Tobin Q, Insurance Firms, Nigeria

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Introduction

Globally, issues of corporate governance have predominantly gained importance in the last two decades, particularly in view of the fact that poor governance and internal controls have been directly linked with large organizations. Corporate governance largely relates to the rules and structure of company management and also include the rules for business supervision. Looking at the importance and benefits of corporate governance in insurance firms, supervisory bodies must encourage its application. Unquestionably, the value and quality of corporate management which allows successful, long-term, sustainable conduct of firms is not only important for

shareholders but also for all other stakeholders. A corporate governance mechanism by which its aims and objectives are attained includes board size.

The concept of performance is a controversial issue in finance largely due to its multi-dimensional meanings. Research on firm performance derives from organization theory and strategic management. Performance measures are either financial or operational. The choice of the alternatives to approaching performance (either operational or financial) according to Tudose (2012) is dependent upon the objectives that are set; thus, the assessment of firm performance using financial indicators must be complemented by an assessment based on non-financial indicators; currently, there is a tendency to assess performance based on value creation, yet counted to the goal of sustainable development. The focus of this study is board size and its interactions with performance of firms.

Insurance business plays a vital role in the Nigerian economy through risk bearing, employment of labour, payment of tax, providing vehicle for investors and other financial investment services, (Hamadu & Mojekwu, 2010). Hence, it is imperative that insurance firms in Nigeria are performing efficiently and significantly since they are the sellers and suppliers of insurance product in Nigeria. The importance of corporate governance in insurance firms cannot be over emphasized particularly when big insured proceedings occur, such as natural and technological disasters that can cause huge material losses and also when companies suffer significant financial losses under the third-party liability insurance (Isimoya, 2014).

Several studies conducted in the past such as Coase (1937), Jensen and Meckling (1976), Fama and Jensen (1983), Harris and Raviv (1988), Vishny and Shleifer (1997), OECD (2009), and Momoh and Ukpong (2013), among many others have confirmed the positive relationship between good corporate governance and organizational performance. This study examined the effect of board size and CEO tenure (being corporate governance mechanisms) on performance of listed insurance firms in Nigeria.

Statement of the Problem

Looking at Nigeria, despite the 2009 reform of the insurance industry aimed at improving performance followed by the 2016 enforcement of same regulations by the NAICOM, it has been observed that the insurance industry still seems to be performing below expectation. In addition, insurance firms in Nigeria do not settle claims promptly when due, and in most cases only with the intervention of the regulatory bodies as captured in the Premium Times publication of September 21st 2019 on the successful facilitation and payment of N145billion claims in the third quarter of 2018 which represented a 30% increase compared to the same quarter in 2017.

Furthermore, several empirical works such as Tornyeva and Wereko (2012), Momoh and Ukpung (2013), Garba and Abubakar (2014), Chukwudike, Ugwuanyi and Okanya (2017), and Haruna, Jacob and Oyedokun (2019) among many others have been carried out, on the relationship between cooperate governance and performance of firms. However, the previous studies used only financial measures of performance such as Return on Equity (ROE), Return on Investments (ROI), and Return on Assets (ROA) but none measured the market performance of the firms. In a bid to fill the research gap, this study examines the effect of board size and CEO tenure (being corporate governance mechanisms) on performance (Tobin Q) of quoted insurance companies in Nigeria from 2008-2019.

In line with the problem of the study, the research tested the following null hypothesis:

H₀₁: Board size has no significant effect on the performance of quoted insurance firms in Nigeria.

H₀₂: CEO Tenure has no significant effect on the performance of quoted insurance firms in Nigeria.

This study holds immense significance to its relevant stake holders including the body of Academics; the ownership and management of Insurance firms in Nigeria; the Nigerian Government and its insurance industry regulatory bodies; investors and potential investors; and customers of insurance services in the country. Firstly to the

body of academics, this study is an empirical research work and would be of significance by contributing to the body of knowledge regarding corporate governance and organizational performance, particularly in the insurance industry. The study also serves as a reference material to students, teachers and authors of corporate governance and organizational performance. The study further serves as a foundation for further studies to other researchers who may want to carry out research into the same phenomenon as the present study in the future.

Secondly, to the management of ownership of insurance firms in Nigeria, the outcome of this study, particularly in terms of its reviews, findings and recommendations, provides the necessary information to support effective and efficient decision making towards improved performance and attainment of other goals for the company and their relevant stakeholders. Thirdly to the government of Nigeria and its insurance firms' regulatory bodies, the outcome of this study, particularly in terms of its reviews, findings and recommendations, provides the necessary information to support effective and efficient policy formulation and implementation that would more properly regulate the industry towards attainment of national objectives synergistically.

Fourthly, to the investors and potential investors of the insurance firms in Nigeria, the study will contribute to better decision making by the firms, towards performing better and maximizing value for the investors and drawing in potential investors who will also have maximized value for their investments. Lastly, to the customers of the insurance firms in Nigeria, when the recommendations of this study are implemented, insurance firms will perform better in their services even to their customers. The insurance firms will be better regulated and better positioned to give their customers maximized value.

In relation to scope, the focus of this study is on quoted insurance firms on the Nigerian Stock Exchange market due to the fact that all listed companies have their financial report published. Also, the study covers the post regulation of insurance business in Nigeria spanning from 2008 to 2019. It is believed that the choice of this period would enable us access the effect on governance on the insurance firms after

consolidation due to the fact that the period of the reform recapitalization introduced by the Federal Government of Nigeria in collaboration with NAICOM ended on 28th February, 2007. Lastly, the study was designed to analyze the relationship between corporate governance (board size and CEO Tenure in particular) and performance of quoted insurance companies in Nigeria for twelve years (2008 - 2019) using data obtained from secondary sources. Tobin Q is the dependent variable proxying for performance because it measures firm financial performance as well as market performance as it considers market capitalization in its computations.

Conceptual Review

Concept of Board Size

Enobakhane (2010) defined board size as the total number of directors that an organisation has in its board structure. This is calculated, as the total minimum number of directors (at least five) needed by the central bank over the total number of directors in the board of directors at the end of the annual financial year. This is without hesitation that the number and quality of directors in a company has an effect on how the board functions, hence its company performance. Empirical research has shown that best board size influences the firm performance. The possibility of a large board size has the likelihood of having more knowledge and skills at their disposal, which will enhance performance (Williams, 2002).

Ramano, Ferretti and Quirici (2012) contended that when boards grow, they become less likely to function effectively and may create a diminished sense of individual responsibility and might be more involved in bureaucratic problems. In the some empirical researches worldwide with reference to banking sector for different countries, results find no significant relationship between board size measure and banks performance (Busta, 2007; Zulkafli & Samad, 2007; Shelash Al-Hawary, 2011). Research has shown that bank holdings structures and activities may make a larger board more desirable, increases in board size due to additions of directors with subsidiary directorships may add value Romano *et al.* (2012). Conversely, (Cornett *et al.*, 2009) argued that larger boards are positively associated with corporate performance Though, some other studies found that improving board size has a

negative effect on bank performance after calculating using different regression model, other methods and indicators (Trabelsi, 2010).

This study also defines board size to refer to the total number of directors on the board of any corporate organization or entity.

Concept of CEO Tenure

According to Kyereboah-Coleman (2007), the CEO Tenure is how long a CEO served in that position before removal or resignation from office. All other things being equal, the longer a CEO stays in office the better the corporate performance. This is because the CEO as the head of the executive needs the assurance of his job security to be able to take decisions that would enhance the performance of the firm. CEOs take strategic decisions that are short-term, medium term and long-term in nature. It is the long-term decisions that benefit the firm the most because the benefits would accrue over a long period of time and guarantee the long-term survival of the firm. However, if appropriate measures are not taken to monitor the CEOs, there is the tendency that they would become complacent and engage in activities to expand their control refers to as empire building. In such a situation the performance of the company would suffer at the expense of the CEOs personal interest. A long tenure of CEO not only gives job security but also influences CEOs investment decisions because they stand the chance to witness the results of their decision and hence are likely to be proactive and magnanimous in their decisions because of the psychological influence (Kyereboah-Coleman, 2007).

This study also defines CEO Tenure as the duration in which a CEO serves in the position before removal or resignation from office.

Concept of Performance

According to Abdulmalik (2014), financial performance such as profit maximization, maximizing profit on assets, and maximizing shareholders' benefits are the core of the firm's effectiveness. Operational performance measures, such as growth in sales and growth in market share, provide a broad definition of performance as they focus on the factors that ultimately lead to financial performance. A firm's performance can be

measured in many different ways, depending on what the firm wishes to measure. For example, as Malm and Roslund (2013) state, you can measure the performance of individual divisions of the firm, or the performance of the firm as a whole. In this thesis the researcher will focus on aggregate performance measurements for the entire firm.

In this thesis the researcher focuses on the aggregate performance measurements using Tobin Q for the firms. This study chooses Tobin's Q as its measure for performance as it is less complex to use in an academic study and it considers both financial and market performance in its calculation. According to Mule, Mukras, Nzioka and Maloba, (2015) Tobin's Q is a measure of market value and is the ratio of market capitalization to book value of the firms' assets.

Tobin's Q is a widely used proxy for firm value in studies of corporate governance, as Gompers, Ishii and Metrick (2003) concluded that firms with more shareholder rights are better governed since they have a higher Tobin's Q. A firm's financial performance is important, because its corporate governance components affect the functioning of the entire corporate body, which is why studies on corporate governance normally focus on policy systems which not only facilitates the operations of the firm but more importantly, enhance its value (Gompers, Ishii & Metrick 2003; Bebchuk, Cohen & Ferrel, 2009). If reported earnings are considered by investors to be value relevant and useful in estimating future returns, share returns and earnings should be related. Therefore, the absence of value relevance may indicate a lack of relevance and reliability. As the conceptual framework predicates the relevance of accounting information to decision makers; then low value relevance may be attributed to low reliability (Kormendi & Lipe, 1987; Collins & Kothari, 1989; Easton & Harris, 1991; Renders, Gaeremynck & Sercu, 2010).

Empirical Review

Board Size and Performance

Mejbel (2021) conducted a study titled "Board Size and Firm Performance: Case of Kuwait". The study examined the relationship between board size and firm performance using a sample of 110 non-financial listed firms on the Kuwait Stock

Exchange (KSE) from 2009 to 2017 (9 years). Empirical tests were conducted using OLS and 2SLS regressions as well as two performance measures to control the issues of endogeneity and causality; the study found that board size negatively affected firm performance. Thus, a small board size is better for non-financial Kuwaiti listed firms, which is consistent with agency theory and the majority of previous studies conducted in developed and developing countries. However, the findings showed that causality issue does exist.

However, the study by Mejbil (2021) was conducted in Kuwait and cannot be generalized to the Nigerian Insurance Sector due to peculiarities unique to the Nigerian business environment. The present study contributes to knowledge by assessing the effect of board size on performance of Nigerian insurance firms.

Chbib and Page (2020) in their study, investigated the impact of the composition of board of directors on firm performance using UK FTSE All-Shares non-financial firms for the period before and during the latest global financial crisis. The main hypotheses tested were whether board composition, namely, board size and board independence, has an impact on firm performance, using Tobin's Q (TQ) and Return on Assets (ROA). Univariate and multivariate (including 2SLS regression) were carried out to test these hypotheses. The results suggested a high positive association between board size and performance.

However, the study by Chbib and Page (2020) was conducted in the UK and cannot be generalized to the Nigerian Insurance Sector due to peculiarities unique to the Nigerian business environment. The present study contributes to knowledge by assessing the effect of board size on performance of Nigerian insurance firms.

Latif *et al.* (2013) examined the effect of corporate governance mechanisms, such as board size, on firm performance from 2005 to 2010 in Pakistan. The study used descriptive research design and linear regression technique. They found a significant positive relationship between firm performance and board size. However, the study was conducted in Pakistan in the year 2013 and did not specify its population size or industry of focus. Furthermore, the findings of the study cannot be applicable to the

contemporary Nigerian insurance industry because of the foregoing. The present study will be more recent and focused on the Nigerian insurance sector.

Nevertheless, the empirical studies reviewed above all have their strengths and weaknesses as some used adequate methodologies but were carried out in different geographical locations, using different methodologies and at different points in time. Their findings are therefore not generalizable, particularly to the Nigerian Environment due to peculiarities of every environment. This study therefore sought to contribute to the body of empirical knowledge on corporate governance and firm performance by providing more recent findings and recommendations on the effect of board size on the performance of insurance firms listed on the Nigerian Stock Exchange as at December, 2019 using twelve years panel data from 2008 to 2019 with Tobin Q as the dependent variable, and firm size the control variable of the study and data to be analyzed using panel regression technique.

CEO Tenure and Performance

Cao, *et al.*, (2021) conducted a study titled “A Meta-Analysis of the Relationship Between Chief Executive Officer Tenure and Firm Financial Performance: The Moderating Effects of Chief Executive Officer Pay and Board Monitoring”. They noted that prior empirical research investigating the relationship between chief executive officer (CEO) tenure and firms’ financial performance has shown inconclusive results. Based on arguments of agency and behavioral agency theories, they suggested that this relationship is nuanced and may vary depending on CEO pay and board monitoring. In response to these arguments, they meta-analytically test 385 studies ($n = 1,029,602$). They found that CEO tenure is positively related to firms’ financial performance. This positive relationship is enhanced when CEOs receive higher cash compensation or hold more stock ownership. On the other hand, the above positive relationship becomes weaker when CEOs receive higher long-term incentives or when the firm has more independent board directors. These findings suggest that CEO pay and board monitoring, or agency mechanisms in general, can offer new research avenues to help explore boundary conditions of the CEO tenure and firms’ financial performance relationship.

Wanyu, *et al.*, (2019) in their study on CEO tenure and corporate social responsibility performance examined whether and how CEO tenure affects firms' corporate social responsibility (CSR) performance. Using a sample of U.S. firms for the 1999–2013 period, they found that firms' CSR performance is significantly higher in CEOs' early tenure than in their later tenure. They also found that the relationship between CEO tenure and CSR performance is stronger when the board is more independent and CEOs have a longer expected employment period, supporting both the signaling interpretation of the career concern hypothesis and the career horizon hypothesis. Consistent with the trend of increasing awareness of the importance of CSR, they found that the relationship between CEO tenure and CSR performance has become more significant in recent years. Finally, they showed that better CSR performance in a CEO's early tenure is associated with a lower CEO turnover probability, suggesting that commitment to CSR during CEOs' early tenure could enable them to mitigate career concerns.

Tornyeva and Wereko (2012) conducted a study titled “Corporate Governance and Firm Performance: Evidence from the Insurance Sector of Ghana. The purpose of this study was to investigate the relationship between CEO Tenure (and other corporate governance mechanisms) and the financial performance of insurance companies in Ghana. The secondary data was collected from the national insurance commission and the primary data through the administration of interview questionnaires. Panel Data Methodology was used for the data analysis. The findings showed that large board size, board skill, management skill, longer serving CEOs, size of audit committee, audit committee independence, foreign ownership, institutional ownership, dividend policy and annual general meeting are positively associated with the financial performance of insurance companies in Ghana.

However, the empirical studies reviewed above all have their strengths and weaknesses as some used adequate methodologies but were carried out in different geographical locations, using different methodologies and at different points in time. Their findings are therefore not generalizable, particularly to the Nigerian Environment due to peculiarities of every environment. This study therefore sought to contribute to the body of empirical knowledge on corporate governance and firm

performance by providing more recent findings and recommendations on the effect of CEO Tenure on the performance of insurance firms listed on the Nigerian Stock Exchange as at December, 2019 using twelve years panel data from 2008 to 2019 with Tobin Q as the dependent variable, and firm size the control variable of the study and data to be analyzed using panel regression technique.

Theoretical Framework

Agency Theory

Agency theory having its roots in economic theory was developed by Jensen and Meckling (1976). This theory holds that managers will not act to maximize returns to shareholders unless appropriate governance structures are implemented in the large corporation to safeguard the interest of the shareholders. According to Jensen and Meckling (1976), the relationship between the owners and the management is defined as the principals engage the agents to perform services on their behalf. As applied to corporate governance, the theory suggests a fundamental problem for absent or distant owners/shareholders who employ professional executives to act on their behalf. The root assumption informing this theory is that the agent is likely to be self-interested and opportunistic. This raises the prospect that the executive, as agent, will serve their own interests rather than those of the owner principal. To counter such problems the principal will have to incur 'agency costs'; costs that arise from the necessity of creating incentives that align the interests of the executive with those of the shareholder and costs incurred by the necessity of monitoring executive conduct to prevent the abuse of owner interests.

Agency theory posits that management of organization is expected to ensure that the goals of the stakeholders are achieved. The management of a bank should set achievable goals and targets and make investment decisions that lead the bank to improved performance hence creating an opportunity for the bank to engage in efficient investments. This enhances growth and contributes to an increase in the size of the organization. The decisions made by the top management should put the priorities of the stakeholders first; the firm's resources should be put into productive use to enable the organization to realize its corporate goals (Laffort & Martimost, 2008)

The management should invest in modern technologies to integrate their systems to enhance efficiency, improve the quality of their services and minimize costs. Employees of a firm are human capital assets that perform a significant role in contributing towards the realization of set goals and objectives. An efficient and lean staff enables the firm to offer quality services; this improves customer satisfaction and attracts new customers resulting into sales growth. Growth in sales results into an increase in sales turnover that impact positively on efficiency and growth of a firm. Growth is part of the overall goal of the organization which increases its size (Laffort & Martimost, 2008). Maksimovic and Phillips (2002), the greater the number of administrative layers in the organization, the greater the transactional cost and agency cost. A common proxy for the number of administrative layers is the number of employees. Lamont and Polk (2002) posit that the management of the firm has control over the resources which can be effectively utilized to achieve efficiency of the firm. These resources include assets, technology and intellectual property. Jensen (1976) contends that when a firm has a low level of leverage (high capital ratio), its debt increases, this motivates the top management to minimize the agency debt cost and thus increases the debt of the firm.

Agency theory deals with boards with diverse backgrounds (male and female) perform strategic functions such as monitoring and advising, and bringing diversity in ideas, perspective, experience and business knowledge to the decision -making process in boardrooms, which will eventually increase firm performance (Johnston & Malina, 2008; Lincoln & Adedoyin, 2012; Triana *et al.* 2013; Baranchuk & Dybvig, 2009; Ntim, 2013; Khosa, 2017). All boards are formed to overcome agency problems and help enhance the board's effectiveness. A diversified board may help enhance the role of women in aligning the interests of management with those of the shareholders (Hillman & Dalziel, 2003). Gender diversity, according to Low *et al.* (2015), improves board monitoring because hiring directors from different backgrounds gives a different lens to the firm where the female members can challenge the status quo (Yi, 2011). A gender-diverse board is more fruitful in its monitoring roles, as women tend to question management practices and challenge conventional wisdom (Adams & Ferreira, 2009). Furthermore, due to the nature of women's unique experience,

expertise and specialised knowledge, and distinctive social and business ties, they can help to provide access to both additional resources and market insight, rendering female directors invaluable to the board (Konek, 1994; Wittenberg-Cox & Maitland, 2008).

Adams and Ferreira (2009) argued that women on corporate boards introduce tougher monitoring, as they do not belong to the “old boys’ club” network, and also demonstrate improved attendance rates over their male counterparts. The studies suggests that a diverse board impacts positively and has a statistically significant relationship to the firm’s value even in better-governed firms. As firms appoint women directors, they see an increase in their firm’s value as a result of extra monitoring, which in turn, may reduce the extent of agency problems (Ntim, 2013). The second theory deals with the Stakeholder Model, which states that corporations should maximise the welfare of a number of the firm’s stakeholders instead of only its shareholders. Stakeholders include employees, either male or female, customers, creditors, debtors, local communities and the government (Blair, 1995; Finegold *et al.* 2007).

Methodology

The research design used in the study is the exploratory research design. This is because the study is making an enquiry into the possible influence of one variable on another using secondary data, particularly panel data to ascertain the effect of the independent variable on the dependent variable. The population for this study is all twenty-three insurance firms listed on the Nigerian Stock Exchange (NSE) as at December, 2019. Secondary data was collected and analysed for this study, sourced from Central Bank of Nigeria’s (CBN) Statistical Bulletin, Nigerian Stock Exchange (NSE) Fact book and the listed firm’s published financial statements for the period of 2008-2019.

The technique for data analysis adopted for this study involves the use of both descriptive and inferential statistics tools. The descriptive statistics and correlation matrix were used to test the normality of the data in avoidance of outliers and multicollinearity problems. The inferential statistics too was the use of ordinary least

squares (OLS) panel regression technique to determine the relationship between the research variables. This is because regression analysis is concerned with the study of the dependence of one variable on the other variable. The panel regression was carried out using the STATA for windows statistical package software. The following model was developed and used for the study:

$$TBQ_{it} = \beta_0 + \beta_1 BSIZ_{it} + \beta_2 CEOT_{it} + \beta_3 FSIZE_{it} + \mu_{it}$$

Where:

TBQ = Tobin Q (Proxy for Firm Performance/Dependent variable)

BSIZ = Board Size (Independent variable)

CEOT = CEO Tenure (Independent variable)

FSIZE = Firm Size (Control Variable)

β_0 = Constant/Intercepts

$\beta_1, - \beta_3$, = Parameters of determination

μ = Stochastic Variable (Error term)

it = signifying panel data for individual observations and time

Results and Discussion

Panel Regression was used for the data analysis in this study and the results for board size, CEO tenure and performance cause-effect relationships are presented in this section as follows. Random effect and Fixed effects models were used but the Random Effects Model (REM) has been chosen for estimating the relation based on the Hausman's specification test which shows a significant probability value of 0.000.

The statistical decision rule of p-value states that the null hypothesis should be rejected and alternative adopted if p-value is significant, (i.e., less than alpha value or level of significance which is 0.05) otherwise it should be maintained as there is no sufficient statistical evidence to reject.

H₀₁: Board size has no significant effect on the performance of quoted insurance firms in Nigeria.

Table 1: Panel Regression Results

Independent Variable	Dependent Variable	Coefficient	P-value
Board Size	Tobin Q	0.0016	0.894
<i>F Stat</i>		121.48	0.000
<i>R</i> ²		0.6946	

Source: Researcher's Computation, 2021

The F stat is 121.48 with a p-value of 0.000 which shows that the model is in good fit to test the hypothesis of the study. The R² value of 69% shows that the model explains about 69.46% of the dependent variable (Performance as measured by Tobin's Q), the remaining 31% may be explained by other factors not captured in the regression model of the study.

The results showed a positive but non-significant effect of Board Size on Performance (Tobin Q) of quoted insurance firms in Nigeria with a regression coefficient value of 0.0016, and p-value > 0.05 at 0.894. This shows that there is insufficient statistical evidence to reject the null hypothesis so it stands that board size has no significant effect on performance of quoted insurance firms in Nigeria.

This result implies that the level of board size is positively but insignificantly related with performance (Tobin Q) of quoted insurance firms in Nigeria. In other words, the greater the number of board size of insurance firms, the higher the Tobin Q of those firms as a measure of value and vice versa, but the change would be insignificant. The results indicate that increased board is not effective in attaining significantly higher Tobin Q for the quoted insurance firms. This finding is inconsistent with that of Latif *et al.* (2013) who found a positive and significant effect of board size on performance in Pakistan.

H₀₂: CEO Tenure has no significant effect on the performance of quoted insurance firms in Nigeria.

Table 2: Panel Regression Results

Independent Variable	Dependent Variable	Coefficient	P-value
CEO Tenure	Tobin Q	0.1739	0.000
<i>F Stat</i>		121.48	0.000
<i>R²</i>		0.6946	

Source: Researcher's Computation, 2021

The F stat is 121.48 with a p-value of 0.000 which shows that the model is in good fit to test the hypothesis of the study. The R^2 value of 69% shows that the model explains about 69.46% of the dependent variable (Performance as measured by Tobin's Q), the remaining 31% may be explained by other factors not captured in the regression model of the study.

The results showed a positive and significant effect of CEO Tenure on Performance (Tobin Q) of quoted insurance firms in Nigeria with a regression coefficient value of 0.1739, and p-value < 0.05 at 0.000. This shows that there is sufficient statistical evidence to reject the null hypothesis and adopt the alternative hypothesis that CEO Tenure has a significant effect on performance of quoted insurance firms in Nigeria.

This result implies that the present CEO Tenure practice in the industry is positively and significantly affecting performance (Tobin Q) of quoted insurance firms in Nigeria. In other words, the greater the CEO tenure in insurance firms, the higher the Tobin Q of those firms as a measure of value and vice versa, and the change would be significant. The results indicate that longer tenure for CEOs is effective in attaining significantly higher Tobin Q for the quoted insurance firms. This finding is consistent with those of Wanyu, *et al.*, (2019) and Tornyeva and Wereko (2012) who found that longer serving CEOs are positively associated with the financial performance of insurance companies in Ghana.

Conclusions and Recommendations

The study found and that board size has no significant effect on the performance of quoted insurance firms in Nigeria as measured by Tobin's Q while CEO Tenure has a significant effect. Consequently, this study concludes that the board size practice is probably a contributor to the problem of suboptimal performance experienced by the quoted insurance firms since its effect was insignificant to performance of the firms as at the time of this study despite the fact that the effect is positive based on the data collected and analysed by the study.

The study therefore recommends that:

- i. Since board size has been insignificant to performance but shows a positive effect, then the ownership of quoted insurance firms in Nigeria should improve on the board size practice in ways that may yield significant effect on performance optimization in the sector.
- ii. On the other hand, since the effect of CEO tenure has been positive and significant to performance, the ownership of the quoted insurance firms can continue with their present practices in relation to CEO tenure, so as to continue enjoying significantly positive performance.

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