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Corporate Governance, Board Oversight, and Firm Value: Evidence from Listed Insurance Companies in Nigeria

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ABSTRACT

Effective board oversight is essential for corporate governance, accountability, and the sustainable value of firms. This study examines how board oversight functions relate to firm value and how this relationship has evolved among listed insurance companies in Nigeria. An ex post facto research design was employed, using secondary data from the annual reports and financial statements of 21 listed insurance companies from 2012 to 2021, yielding 210 firm-year observations. Board oversight was assessed through audit committee, risk management, and remuneration governance functions. At the same time, firm value was measured using market-to-net book value (MNBV) and Tobin's Q. Descriptive statistics, trend analysis, diagnostic tests, and regression analysis were conducted. The results show that firm value changed considerably throughout the period examined. Audit committee and remuneration governance functions demonstrated positive and statistically significant relationships with firm value, whereas risk management functions exhibited a negative and statistically significant relationship. These results suggest that strengthening board oversight mechanisms may improve governance effectiveness and support sustainable firm value in Nigeria's insurance industry, particularly risk management practices.

Keywords: Corporate Governance, Board Oversight, Firm Value, Audit Committee, Risk Management, Remuneration Governance
JEL Classifications: G22, G34, L25

1. INTRODUCTION

Corporate governance has become an important area of organisational research, with the board of directors widely recognised as a key mechanism for monitoring managerial actions and safeguarding shareholder interests. Board oversight functions, such as audit, risk management, and remuneration governance, are designed to ensure that firms operate within legal boundaries. Oversight functions reduce agency costs, improve transparency, and strengthen investor confidence, thereby contributing to higher firm valuations (Garay and Gonzalez, 2008; Ararat et al., 2017). In the insurance company, which plays a pivotal role in financial stability and economic growth, board oversight is especially vital. Insurance companies mitigate risks, mobilise financial resources, and contribute to efficient resource allocation, making their governance practices central to both firm-level and macroeconomic outcomes (Okere and Ambe, 2025). Despite regulatory interventions, such as the National Insurance Commission's (NAICOM) 2012 risk management framework, empirical evidence on the effectiveness of board oversight functions in enhancing firm value within Nigeria's insurance companies remains limited and inconclusive. While some studies indicate that governance mechanisms positively impact firm performance, others report mixed or even negative results, particularly in emerging markets, where institutional frameworks are still evolving (Adawi and Rwegasira, 2013; Oyerogba et al., 2017). Board oversight functions apply to all categories of firms and organisations, such as insurance companies, which is the focus of this study. Insurance companies perform essential functions in the financial services sector in most countries and usually contribute significantly to economic growth by stabilising the economy. Therefore, regulatory changes have

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an essential impact on the board's effectiveness in valuing the insurance sector in Nigeria (Ovunda and Bennee, 2026).

In Nigeria, stock prices and shareholders' funds are key indicators of firm value and have declined in recent years. While macroeconomic factors such as inflation, interest rates, and fiscal policy contribute to this trend, inadequate board oversight has been identified as a critical internal factor exacerbating the decline (Oyerogba et al., 2017). Weak enforcement of oversight responsibilities undermines investor confidence and contributes to capital market crises, raising urgent questions about the effectiveness of governance practices in the insurance sector. Despite the significance and substance of these declines, what has been the trend in firm value and board oversight functions in the quoted insurance sectors in Nigeria? In Nigeria, the focus on corporate governance reforms has been growing. However, a crucial question persists: Does the presence of board oversight mechanisms lead to tangible improvements in market valuation, particularly in heavily regulated financial sectors such as insurance? Insurance companies, unlike those in manufacturing or other non-financial sectors, face distinct challenges, including underwriting risks, regulatory compliance, solvency issues, and heavy dependence on stakeholder trust. As a result, governance strategies that prove effective in other industries might not yield the same value outcomes for insurance firms. Previous research has predominantly focused on corporate governance, using broad metrics such as board size, board independence, ownership structure, and general governance indices. These methods might miss the point that boards add value through particular oversight tasks, such as overseeing financial reporting, handling risk exposure, and crafting executive compensation plans. Consequently, identifying which specific board oversight roles enhance firm value and which need enhancement is crucial for regulators, investors, and corporate leaders in developing financial markets. The Corporate Library and other shareholder services organisations, along with governance reformists, adhere to the regulatory responsibilities of the board in order to assess the efficacy of the board of directors and to support the claim that the actions of the board is crucial and relevant to the valuation of the firm (De Villiers et al., 2011).

This research makes multiple contributions to the corporate governance literature. Initially, it provides a theoretical contribution by shifting the focus from a structural approach to corporate governance to a functional perspective on board oversight. Instead of solely analysing governance traits, the research explores the relationship between specific oversight tasks performed by audit committees, risk management committees, and remuneration governance committees and firm value. Secondly, this study makes an empirical contribution by offering longitudinal data from 21 Nigerian insurance companies listed between 2012 and 2021. This research enhances the limited understanding of how governance relates to value in the insurance sectors of emerging markets. Unlike prior studies in Nigeria that have focused on corporate governance across a broader spectrum of listed companies, banks, and non-financial entities, this research specifically targets insurance firms, which operate under distinct regulatory and risk conditions. Thirdly, the study offers a methodological contribution by assessing firm value using market-based metrics, specifically market-to-net book value (MNBV) and Tobin's Q, rather than relying solely on accounting performance metrics such as profitability. This approach sheds light on investors' perceptions of governance effectiveness and its impact on market valuation. The study ultimately offers practical insights for regulators, such as the National Insurance Commission (NAICOM) and the securities and exchange commission (SEC), by pinpointing particular governance roles linked to enhanced firm valuation and highlighting areas that need additional reinforcement. Therefore, it is important to develop a distinctive enhancement for an organisation to analyse trends in firm value and board oversight functions among listed insurance companies in Nigeria. This research adds to the corporate governance literature by showing that the effects of board oversight functions on firm value are not uniform. By separately analysing the roles of audit committees, risk management, and remuneration governance within Nigerian-listed insurance firms, the study offers more detailed insight into how governance practices affect market valuation in emerging financial markets.

2. LITERATURE REVIEW

Previous research describes board oversight as a critical element of corporate governance, aimed at ensuring that organisations operate within the legal boundaries and maintain financial stability. The main concepts considered are:

2.1. Firm Value

Firm value provides a visible indicator for investors to assess a company's success and the achievement of its business goals, typically reflected in share price movements. An upward trend in share prices is typically regarded as a signal of appealing investment opportunities. Abrahamsson et al. (2019) assert that a company's share price can provide insight into its worth. Olabisi (2026) states that the ability to generate profit, evaluate growth, and measure performance depends on the firm's valuation. Investors assert that a company's value is assessed by its stock price, which serves as an indicator of its success. Firm value is measured using proxies such as market to net book value (MNBV) and Tobin's Q, which reflect the market's evaluation of a firm's financial health and revenue streams.

2.2. Board Oversight Functions

Thambi (2025) defines board oversight functions as the board's role in monitoring those tasked with managing the board and implementing its decisions, and overseeing how business operations are carried out in a company. This relates to a task of ongoing consideration when genuine knowledge of certain facts and situations about the running of a company gives rise to doubt, pointing to the necessity of a probe and proper investigation committees for audit, risk management, and remuneration governance, which are overseen, directed, and managed by the board of corporate governance. According to the cadbury report (Committee on the Financial Aspects of Corporate Governance, 1992), corporate governance refers to the system by which companies are responsible for directing and controlling their business activities. It establishes modern standards focusing on board accountability, integrity, and transparency to protect shareholders, with core principles that remain relevant in every organisation for active ethical leadership and effective control. Countries have corporate governance codes that companies must adhere to. These codes are not laws but

collections of recommendations for entities to follow on a "comply or explain" basis.

However, earning shareholders' trust is essential to an entity's long-term success. In Nigeria, these functions are guided by frameworks such as NAICOM's and the securities and exchange commission (SEC) code of corporate governance, with specific guidelines for the insurance industry. The present study examines two foundational theories that explain the necessity and impact of board oversight and firm value trends. The boards of directors own, control, and manage an organisation's business activities. According to Jensen and Meckling (1976), agency theory was developed in the context of corporate governance. Management represents the agent of the principal, who is a shareholder. Agents work only to appease shareholders and want to maximise their financial compensation, employment security, and other benefits. Agency theory clarifies that oversight is essential to mitigate the risk of divided loyalties between management (agent) and shareholders (principal), ensuring that management acts to maximise shareholders' wealth. The directors' responsibilities include granting access to the company's assets as needed. Pfeffer and Salancik (1978) state that directors are obligated to play vital roles in securing the necessary resources for the organisation. Similarly, Salancik, et al. (1978) emphasize that influence in organizational decision making depends on contextual and power relationships among organizational participants Therefore, resource dependency theory suggests that board members provide essential expertise and connections (the economic value of employees) that strengthen an organisation's strategic operations and valuation.

The board of directors' principal task is to supply the organisation with adequate resources. This study advances corporate governance theory by broadening the understanding of board oversight to encompass not only the structural characteristics of boards but also the specific functions through which governance is enacted. By integrating agency theory and resource dependence theory, the study conceptualises board oversight as both a monitoring mechanism and an organisational capability that can influence firm value. From the perspective of agency theory, the governance functions of audit, risk management, and remuneration serve as mechanisms to reduce information asymmetry, limit managerial opportunism, enhance accountability, and align managerial decisions with shareholders' interests. In contrast, from the resource dependence theory perspective, these oversight functions demonstrate the board's ability to provide specialised knowledge, governance expertise, strategic guidance, and access to resources necessary for effective organisational decision-making.

The study further develops these theoretical perspectives by illustrating that board oversight should not be viewed as a uniform governance mechanism. The findings indicate that oversight functions have varying associations with firm value: Audit committee and remuneration governance functions are positively associated with firm value, whereas risk management functions are negatively associated with firm value. This functional heterogeneity implies that the mere presence of governance mechanisms may not suffice to explain organisational value; rather, the effectiveness and implementation of individual oversight functions may determine their value implications. Consequently, the study advocates a more nuanced understanding of board governance, in which value creation relies on both the monitoring role highlighted by agency theory and the strategic-resource role emphasised by resource dependence theory. By integrating these perspectives within the context of audit, risk management, and remuneration governance, the study offers a theoretical rationale for why individual board oversight mechanisms may yield different firm-value outcomes. This approach shifts corporate governance research from a predominantly structural view of boards to a functional perspective that underscores the actual activities of boards and their committees in safeguarding and enhancing organisational value.

2.3. Empirical Review

Recent empirical studies show mixed results regarding the impact of specific oversight functions on firm value.

Empirical research has investigated the association between corporate governance mechanisms and various aspects of firm performance, with findings and focal points exhibiting diversity. Ovunda and Bennee (2026) explored the impact of corporate governance on the intellectual capital structures of publicly traded financial firms in Nigeria. Employing an ex post facto research design and utilising audited financial reports from eight listed financial firms, the study identified a positive correlation between governance-related characteristics, such as executive and ownership structures, and intellectual capital outcomes. Also, Ogile (2026) examined Analysis of the effect of the Nigerian code of corporate governance on public companies in Nigeria, the study examined the legal impact which the Nigerian Code of Corporate Governance (NCCG) 2018 had on public companies and examined the statutory and common law principles, the extent of its enforceability, the study analysed the challenges, levels of compliance and prospect of the Code of Corporate Governance in Nigeria. The study found that persistent governance weaknesses to the residual influence of authoritarian governance legacies and the transplantation of Anglo-Saxon governance models into Nigeria's post-colonial legal context. In aligning Nigerian corporate governance with global best practices, the study underscored the imperative for cohesive legal reforms. It recommended the harmonization of governance codes, strengthening of audit and compliance mechanisms, enhancement of regulatory oversight, promotion of ethical corporate conduct, and the modernization of the Companies and Allied Matters Act (CAMA) and other relevant statutes to reflect international standards.

While the study underscores the significance of corporate governance in Nigerian financial firms, it does not directly elucidate the relationship between specific board oversight functions and market-based measures of firm value. Also, Ajayi, et al. (2025) examined the effect of board structure on the financial performance of listed insurance firms in Nigeria, providing further evidence that governance-related board characteristics are important determinants of organisational performance in the Nigerian insurance sector. Shehu and Okoh (2026) investigated the association between firm characteristics and profitability among listed insurance companies in Nigeria. The study utilised secondary

data from the annual reports of 14 listed insurance companies spanning the years 2015 to 2024, focusing on firm size, growth, and leverage in relation to profitability. The results demonstrated a negative correlation between firm size and profitability, while firm growth and leverage were positively correlated with profitability. Although this study offers recent insights into the Nigerian insurance sector, its primary explanatory variables were firm characteristics rather than the functional aspects of board oversight. Additionally, profitability is an accounting-based organisational outcome, distinct from the market-based firm-value measures examined in the current study.

Sigah et al. (2026) analysed the relationship between corporate governance and firm performance among listed non-financial firms in Nigeria. The results demonstrate that board independence and effective oversight correlate with enhanced firm performance. This study underscores the significance of corporate governance mechanisms in elucidating organisational outcomes. Nonetheless, the study's focus on non-financial firms limits its direct relevance to insurance companies, which operate within a distinct regulatory and risk-management context. The existing evidence collectively identifies three significant gaps. Firstly, the Nigerian corporate governance literature predominantly addresses broad board characteristics, ownership structures, firm characteristics, or general corporate governance measures, rather than the specific functions through which boards exercise oversight. Secondly, prior research has often focused on sectors such as banking, manufacturing, oil and gas, and non-financial firms, or on broader samples of listed companies, resulting in comparatively limited evidence on listed insurance companies. Thirdly, studies involving insurance companies have frequently prioritised profitability and other accounting-based outcomes, rather than exploring market-based measures of firm value.

This study addresses existing gaps by investigating three functional dimensions of board oversight: Audit committee functions (ACF), risk management functions (RMF), and remuneration governance functions (RCF). It explores their relationships with firm value among listed insurance companies in Nigeria. Firm value is assessed using market-to-net book value (MNBV) and Tobin's Q, offering a market-oriented evaluation of organisational value. By analysing 21 listed insurance companies from 2012 to 2021, the study provides longitudinal evidence on trends in board oversight and firm value in an emerging-market insurance environment. The study's novelty resides not merely in the examination of corporate governance within Nigeria, but in its adoption of a functional perspective on board oversight. Instead of viewing corporate governance as a uniform mechanism or focusing solely on traditional board characteristics, the study differentiates among the governance functions of audit, risk management, and remuneration. Despite significant growth in corporate governance research, three issues remain unresolved. Initially, current research offers scant evidence on the varying impacts of individual board oversight roles on firm value. By considering governance as a unified mechanism, crucial distinctions among monitoring roles such as audit oversight, risk governance, and remuneration governance might be obscured. Second, data from emerging markets remain scattered, especially in the insurance sector, where governance shortcomings could have broader consequences given the industry's importance to financial stability and risk management. Third, numerous current studies focus on performance metrics derived from accounting, offering a narrow insight into whether capital markets acknowledge governance mechanisms through enhanced valuation. This methodology enables assessment of whether various dimensions of board oversight exhibit similar or distinct relationships with firm value, thereby offering a more nuanced understanding of governance effectiveness among listed insurance companies.

3. RESEARCH DESIGN AND ANALYTICAL TECHNIQUES

The present study utilised an ex- post facto research design, making it appropriate for the analysis of historical data without any manipulation. This approach enabled the study to investigate trends in firm value and board oversight within Nigeria's listed insurance companies from 2012 to 2021.

3.1. Population and Sample

For this research, a targeted selection of 21 listed insurance companies from the Nigerian exchange (NGX) group was chosen. The sectors were included based on the criterion that they provided consistent and comprehensive financial data throughout the study period. The listed insurance companies were observed over a 10-year period from 2012 to 2021, resulting in 210 firm-year observations.

3.2. Data Sources

Data from the annual reports and financial statements of selected insurance companies were utilised as secondary sources. These records offer insights into indicators of a company's value and the activities related to board oversight.

3.2.1. Variables and measurement

Firm value indicators (Dependent Variables):

- Tobin's Q
- Market-to-net book value (MNBV) ratio

3.2.2. Board oversight functions (Independent variables)

- Functions of audit committee (ACF)
- Functions of risk management (RMF)
- Function of remuneration governance committee (RCF).

These variables were operationalised using indices derived from company disclosures in accordance with regulatory requirements.

Descriptive statistics were used to summarise the firm value and board oversight functions. Trend analysis was conducted to track fluctuations in firm value and oversight functions between 2012 and 2021. Also, diagnostic tests (normality, homoscedasticity, multicollinearity, and autocorrelation) were applied to assess the robustness of the data before regression analysis, and Panel Regression Models were employed to estimate the relationship between board oversight functions and firm value, with explanatory power measured by R-squared values.

Table 1: Description and measurement of variables

Variable name	Variable type	Proxy	Measurement
Firm value	Dependent		
Market to net book value	Dependent	NBV	Original market cost-ratio of market to net book value
Tobin's Q	Dependent	Tobin's Q	$\text{Q Ratio} = \frac{\text{Market value of firm's equity} + \text{Debt}}{\text{Book value of assets}}$
Board oversight functions	Independent		
Audit committee functions	Independent	ACF	Construction of audit committee index using a dummy variable of 1 and 0 for each item in the cost
Risk management function	Independent	RMF	Construction risk management function index
Remuneration governance function	Independent	RCF	Construction of the remuneration governance function index

Table 2: Descriptive statistics results for all the variables

Variables	Mean	Median	Mode	Standard deviation	Minimum	Maximum	No
Market to book value ratio	1.269	1.329	-	0.049	1.017	1.752	210
Tobin's Q	1.002	1.041	-	0.0986	0.967	1.211	210
Overall board oversight functions	62.57	61.71	62.16	11.25	44.96	82.44	210
Risk management functions	52.93	61.32	64.25	10.87	38.64	75.25	210
Audit committee function	60.52	57.15	55.55	19.28	40.25	82.50	210
Remuneration governance function	74.25	66.67	66.67	10.98	55.99	89.57	210

Table 1 details the measurement framework for studying firm performance, defining firm value as the dependent variable (measured via Market-to-Net Book Value and Tobin's Q) and board oversight functions as the independent variable (measured through constructed composite indices for audit, risk management, and remuneration governance).

3.3. Model Specification

This study adopted the models of Oyerogba (2021) and Oyerogba and Ogungbade (2020), with modifications to reflect and suit the variables of this study. This study has a descriptive objective, analysing the trend in board oversight and firm value in the quoted insurance sector in Nigeria for the period 2012-2021.

3.4. Methods of Data and Analysis Techniques

To examine the data in this study, both descriptive and inferential statistical methods were used. The descriptive statistics included the minimum, maximum, standard deviation, mean, median, and mode. The research used several inferential statistics, including the rank-order coefficient and multiple regression analysis, to measure the trend in board oversight functions and firm value among listed insurance companies in Nigeria.

In Table 2, the mean market-to-book value ratio is 1.269, with a standard deviation of 0.049, indicating that the listed insurance companies in Nigeria have seen an average gain in share price, as the market value exceeds the figures recorded in the company's book. The standard deviation of 0.049 indicates that there are few differences in market-to-book ratios across the companies in the study's sample. Similarly, the mean value of Tobin's Q for all companies in the sample is 1.002, indicating higher earnings for the insurance companies during the period of this study, well above the asset replacement costs. The results further suggest that the market value of Nigeria's quoted insurance sector exceeds the book value of its assets.

Tobin's Q exhibits volatility, reflecting changes in market valuation relative to asset replacement costs. The trend analysis highlighted that firm value was sensitive to both macroeconomic conditions and internal governance practices during the review period.

4. DESCRIPTIVE TRENDS IN FIRM VALUE

The analysis reveals significant fluctuations in firm value across the study period. There was a persistent decline in the market-to-net book value (MNBV) from 1.562 in 2012 to 1.017 in 2015, indicating weakened market confidence. However, the firm value rebounded to 1.752 in 2020 before experiencing a decline to 1.685 in 2021. This pattern suggests cyclical variations in investor sentiment and operational performance among Nigeria's listed insurance companies.

4.1. Trends in Board Oversight Functions

Board oversight functions showed varying levels of activity and effectiveness from 2012 to 2021.

4.1.1. Audit committee functions (ACF)

The present study demonstrates that the audit committee function has demonstrated steady improvement, with increased emphasis on transparency and compliance with accounting standards, ethics, rules, and regulations.

4.1.2. Risk management functions (RMF)

Displayed in proactive decision-making, compliance, and inconsistencies, with periods of weak implementation that coincided with persistent declines in firm value.

4.1.3. Remuneration governance committee functions (RCF)

Showed gradual strengthening, reflecting regulatory pressure and the growing recognition of fair compensation practices as a driver of firm performance.

4.2. Trend Analysis for Board Oversight Functions and Firm Value

The present study presents the mean score for all 21 listed insurance companies in the sample over 10 years (2012-2021) to determine the direction of performance and board oversight functions and to understand the past activities of the listed insurance companies. While there is no defined minimum duration for a direction to qualify as a trend, a trend becomes more significant the longer it persists. Figures 1 and 2 display the outcomes for the two indicators of firm value, namely Tobin's Q and the market-to-book value ratio. Figure 3 illustrates the comprehensive board oversight along with other indicators like the audit committee, risk management committee and governance remuneration committee functions. As observed in Figure 1, the listed insurance companies experienced a persistent increase in firm value (Tobin's Q) from 2016 to 2020 but were unable to sustain this performance in 2021. The fall in the year may be due to several factors, including the pandemic, rise in inflation, and hike in foreign exchange during the period. While these challenges are not peculiar to insurance companies, they indicate that management and government agencies need to implement the necessary mechanisms to mitigate the significant impact of these factors on the economy. Again, in Figure 2, the trend in the market-to-book value ratio appears similar to that for Tobin's Q. The sector experienced a significant increase from 2015 to the end of the 2020 financial year, then began to fall sharply in 2021. This result implies that companies can currently be bought for less than the value of their assets, which should be a serious concern for all relevant stakeholders. The evidence further indicates that the shares of listed insurance companies in Nigeria are undervalued in global markets.

Figure 1: Trend analysis for Tobin Q

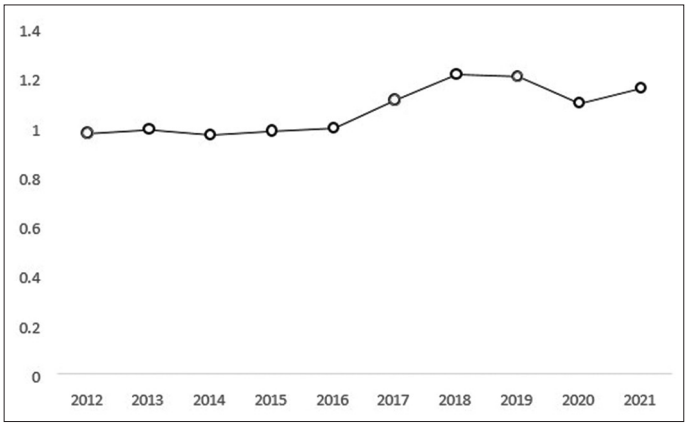


Figure 2: Trend analysis for market to book value ratio

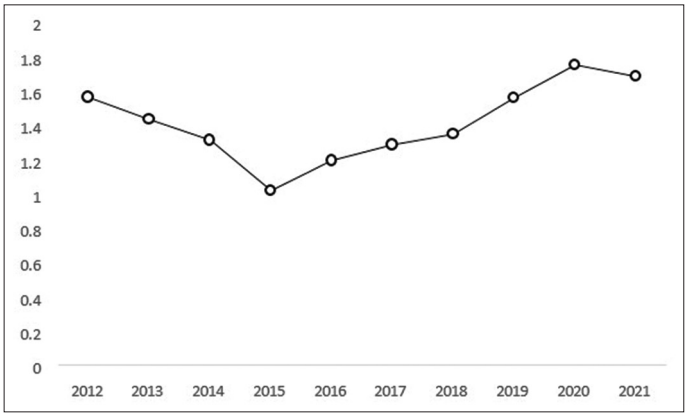
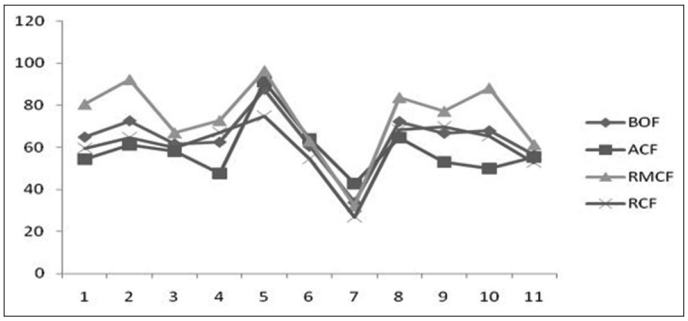


Figure 3: Trend analysis for board oversight functions



The overall board oversight functions peaked in 2016, while their lowest performance was observed in 2018. In terms of the audit committee function, the most effective execution was in 2016, with the least effective in 2012. For the risk management committee, the highest level of function discharge among the quoted insurance companies was in 2017, while the lowest was in 2013. Conversely, the remuneration governance committee function performed its duties best in 2016 and worst in 2012. Most variables showed their highest performance between 2016 and 2018, indicating that the 2016 corporate governance code significantly influenced the execution of the board oversight function.

4.3. Normality Test

The normality test, as shown in Table 3 for overall board oversight functions showed an upward trend compared with previous studies, including 29% (Sudarat et al., 2022), 47% (Oyerogba et al., 2017), and 57.4% (Agada and Makinde, 2025). In the field of statistics, normality tests are crucial for assessing whether a dataset aligns with a normal distribution and for estimating the likelihood that the dataset's underlying random variable is normally distributed. To verify the normality of the dependent variable, firm value, a one-sample Kolmogorov-Smirnov (KS) test was employed. This test primarily evaluates univariate normality by comparing the observed cumulative distribution of a normally distributed variable. The hypotheses for this test are:

- H_0: The data is normally distributed
- H_1: The data is not normally distributed.

Table 3: Normality test results for firm value measures

	MBVR	Tobin Q
N	210	210
Normal parameters[a, b]		
Mean	0.70871	0.59844
Standard deviation	4391	2917
Most extreme differences		
Absolute	0.502	0.489
Positive	0.286	0.253
Negative	−0.502	−0.489
Kolmogorov-Smirnov Z	0.642	0.375
Asymp. Sig. (2-tailed)	0.420	0.339

[a]The test distribution was normal, [b]Calculated from data

Table 4: Test for homoscedasticity

Variables	Test statistic	Degree of freedom	P-value
MBVR	4.2913	5	0.8494
Tobin Q	3.7821	5	0.6283

Table 5: Multicollinearity test results

Variables	Tolerance	VIF
Board oversight functions	0.755	1.844
Risk management function	0.392	1.926
Audit committee functions	0.843	1.247
Governance and remuneration functions	0.693	2.218

The decision rule is straightforward: if the P-value exceeds 0.05, H_0 is accepted, and H_1 is rejected; if the P-value is below 0.05, H_0 is rejected, and H_1 is accepted. Table 2 presents the result showing a Kolmogorov-Smirnov Z statistic of 0.642 (P = 0.420) for the market-to-net-book-value ratio and 0.375 (P = 339) for Tobin's Q. Since the P-values are >0.05, the null hypothesis cannot be rejected. Thus, the data are normally distributed and suitable for linear regression analysis.

4.4. Homoscedasticity Test for Firm Value

As shown in Table 4, the Breusch-Pagan test yielded test statistics of 4.2913 for the market-to-net-book-value ratio (MBVR) and 3.7821 for Tobin's Q, with P-values of 0.8494 and 0.6283, respectively. Given that both P-values are greater than the 0.05 significance threshold, the null hypothesis of homoscedasticity remains unchallenged. Consequently, there is no indication of heteroscedasticity in either firm-value model, confirming that the constant-variance assumption necessary for the regression analysis holds true.

4.5. Multicollinearity Test for Independent

Table 5 illustrates the outcomes of the multicollinearity test, revealing variance inflation factor (VIF) values of 1.844 for board oversight functions, 1.926 for risk management functions, 1.247 for audit committee functions, and 2.218 for governance and remuneration functions. Since all VIF values are under the set limit of 2.5, it suggests that there is no significant multicollinearity among the independent variables. Consequently, the predictor variables are suitable for inclusion in the regression model, allowing the regression analysis to proceed without the risk of significant distortion in the estimated coefficients due to strong intercorrelations among the explanatory variables.

4.6. Test for Autocorrelation—Durbin-Watson Statistic for Firm Value

The Durbin-Watson statistic was used to examine the presence of serial correlation in the regression residuals over the study period from 2012 to 2021. Serial correlation refers to the correlation of error terms across time, which can impact the reliability of regression estimates and statistical inference. As indicated in Table 6, the Durbin-Watson statistics were 2.10895 for lag 1 and 2.09331 for lag 2, with corresponding P = 0.279 and 0.238. Both statistics are near the benchmark value of 2 and lie within the study's specified acceptable range of 1.5-2.5. Consequently, the findings do not indicate significant serial correlation in the regression residuals during the 2012-2021 period. Therefore, based on the reported Durbin-Watson statistics, the assumption of independence of the regression errors is not violated.

Table 6: Durbin Watson statistics for autocorrelation

Lag	D.W Statistics	P-value
1	**2.10895**	**0.279**
2	2.09331	0.238

Table 7: Regression results for board oversight functions and firm value

Variables	Beta	Standard error	Z	P>|z|
Board oversight functions	0.821	0.257	3.195	0.000
Risk management functions	−0.365	0.142	−2.571	0.004
Audit committee functions	0.288	0.093	3.097	0.000
Governance and remuneration functions	0.416	0.176	2.364	0.049

R-sq: Within=0.498, between=0.513

4.7. Regression Analysis Results

Table 7 shows that a panel regression analysis was utilised to investigate the association between board oversight functions and firm value among listed insurance companies. The panel data structure encompasses observations from 21 insurance companies spanning the period from 2012 to 2021. The analysis focused on the relationships between board oversight variables—specifically, risk management functions, audit committee functions, and remuneration governance functions—and firm value. The regression results were assessed using estimated coefficients, standard errors, test statistics, P-values, and measures of the model's explanatory power.

The coefficient estimated for the overall board oversight functions was both positive and statistically significant ($\beta = 0.821$, $P < 0.001$).

5. CONCLUSION

Trend analysis reveals that board oversight functions are positively associated with the firm value, with an overall correlation of 0.821. Specifically, the Audit Committee and Remuneration Governance functions were positively related to firm value. Risk Management functions, however, showed a negative correlation with MNBV, suggesting that ineffective and poorly implemented risk frameworks may reduce firm value. The analysis showed significant fluctuations in firm value over the period, with market-to-book value (MNBV) declining from 1.562 in 2012 to 1.017 in 2015, then rising to 1.752 in 2020 before falling again in 2021. The regression results confirmed that oversight activities, particularly audit committee and remuneration governance functions, contributed to improved firm valuation by enhancing transparency, accountability, and investor confidence. However, risk management functions showed a negative correlation with MNBV, suggesting that existing frameworks may not have been sufficiently robust to mitigate risks or translate into value creation during the study period.

Overall, the evidence suggests that while Nigerian insurance sectors experienced periods of growth and decline in firm value, effective

board oversight functions played a stabilising role. Strengthening audit and remuneration governance mechanisms, alongside reforming risk management practices, is essential for sustaining firm value in the long term. This finding reinforces the importance of governance reforms in emerging markets, where board oversight remains a critical determinant of firm performance. Hence, the study recommends that the audit committee and remuneration committee functions have a positive relationship with, and influence on, the insurance sector in Nigeria, thereby enhancing the sector's firm value. In contrast, risk management committee functions showed a negative correlation with the insurance sector's firm value in Nigeria. Risk management committee functions need strengthening in Nigeria's insurance sector. Regulatory enforcement by the national insurance commission (NAICOM), the securities and exchange commission (SEC), and the insurance sector should ensure that standardised, effective, and proper governance structures are strengthened to intensify monitoring of board oversight functions and grow the value of firms in the sector.

5.1. Limitations of the Study

The present study examined only 21 quoted insurance firms in Nigeria, which may limit generalizability. The analysis also covered 2012 to 2021, which may not have fully captured long-term governance reform or recent stock movements due to post-COVID regulatory changes. Firm value was measured using the market-to-net-book value (MNBV) and Tobin's Q. There are other proxies for measuring firm value that also reflect intangible aspects of firm value, such as customer trust and reputation. Secondary data dependence, through reliance on the insurance company's annual reports and financial documents, might introduce reporting bias, as firms may minimise governance weaknesses or overstate compliance.

5.2. Future Research

Future research should consider extending the study period to determine if the observed relationships hold under current governance and economic conditions. Conducting comparative studies with other financial institutions or insurance markets in various emerging economies could offer further insights into the institutional contexts that enhance the impact of board oversight on firm value. Additionally, future investigations should examine the negative correlation between risk management functions and firm value, accounting for additional governance, firm-specific, and macroeconomic factors that may explain differences in the valuations of listed insurance companies.

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