

Corporate Governance, Corporate Financial Reporting, and Firm Value of Listed Insurance Companies in Nigeria

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Abstract:

Firm value remained a critical performance indicator for insurance companies, reflecting market confidence, investor perception, and long-term sustainability. Despite regulatory reforms in Nigeria's insurance sector, concerns persisted regarding weak corporate governance structures and the quality of corporate financial reporting, raising questions about their combined effect on firm value. Existing empirical studies largely examined corporate governance or corporate financial reporting in isolation, providing limited evidence on their joint effect within the Nigerian insurance industry. The study therefore investigated the combined effect of corporate governance and corporate financial reporting on firm value, measured by Tobin's Q, Price-to-Earnings Ratio, and Return on Equity, of listed Nigerian insurance companies. The study adopted an ex post facto research design and utilized panel data from sixteen listed insurance companies over a ten-year period (2015–2024). Panel least squares regression analysis was employed, with corporate governance proxied by board size, board gender diversity, and audit committee independence, while corporate financial reporting was measured using timeliness of financial reporting, disclosure quality, and audit quality. The findings showed that corporate governance and corporate financial reporting jointly exerted a statistically significant effect on Tobin's Q (Adj. $R^2 = 0.38$; F-statistic = 17.45; $p < 0.05$) and Return on Equity (Adj. $R^2 = 0.08$; F-statistic = 3.40; $p < 0.05$), but had no significant combined effect on the Price-to-Earnings Ratio (Adj. $R^2 = -0.01$; F-statistic = 0.63; $p > 0.05$). Specifically, audit committee independence and board gender diversity were found to have significant positive effects on firm value, while board size exhibited mixed effects. Overall, governance mechanisms were more influential than financial reporting attributes in explaining firm value among the sampled firms. The study concluded that effective corporate governance, supported by credible financial reporting, enhances firm value in Nigerian insurance companies. It recommended strengthening board oversight, improving audit committee independence, and stricter regulatory enforcement to improve market valuation and investor confidence.

Keywords: Corporate governance; Corporate financial reporting; Firm value; Nigerian insurance companies; Tobin's Q

1. Introduction

Firm value is a central concept in corporate finance because it reflects the market's overall assessment of a firm's performance, governance quality, transparency, and future growth prospects (Jensen & Meckling, 1976; Vincent et al., 2024). It captures investors' perceptions of how effectively management deploys organizational resources to generate returns while managing risk. In capital markets, firm value serves as a critical signal for investment decisions, managerial performance evaluation, and policy formulation, as it conveys information about a firm's credibility and long-term viability (Spence, 1973; Ogundajo et al., 2023). Common proxies such as Tobin's Q, the Price-to-Earnings (P/E) ratio, and Return on Equity (ROE) are widely used to reflect distinct dimensions of firm value, including market valuation relative to asset replacement cost, earnings expectations, and profitability from shareholders' funds (Hassan & Tanko, 2023; Grace et al., 2024).

Within the insurance industry, firm value assumes heightened importance due to the sector's reliance on public confidence, long-term contractual obligations, and exposure to regulatory scrutiny aimed at protecting policyholders and maintaining financial system stability (Osemene & Adegbe, 2023). Weak corporate governance structures or deficient financial reporting practices can intensify agency problems, increase information asymmetry, and erode stakeholder trust, thereby undermining firm value and market confidence (Francis, 2004; Ogan & Adegbe, 2022). Consequently, investors, regulators, and policyholders increasingly emphasize effective corporate governance mechanisms and high-quality financial reporting as essential safeguards for sustainability and value creation in insurance firms (Freeman, 1984; Olateru-Olagbegi et al., 2024).

In Nigeria, regulatory institutions such as the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria (FRC) have introduced corporate governance codes and financial reporting guidelines to enhance accountability, transparency, and reliability of financial disclosures in the insurance sector (Hassan & Tanko, 2023; Olayinka & Akinyele, 2022). These regulatory reforms are intended to strengthen investor confidence and improve firm value. However, despite these efforts, persistent concerns remain regarding ineffective board oversight, limited gender diversity on boards, weak audit committee independence, delays in financial reporting, and inconsistent disclosure quality among listed Nigerian insurance companies, all of which

continue to undermine market confidence and valuation (Adetunji & Owolabi, 2021; Grace et al., 2024).

Empirical evidence on the relationship between corporate governance, corporate financial reporting, and firm value in Nigeria remains mixed and inconclusive. Existing studies have largely examined corporate governance or financial reporting independently, with empirical attention predominantly focused on the banking and manufacturing sectors, while the insurance sector has received relatively little scholarly attention (Alade et al., 2022; Vincent et al., 2024). This fragmented approach overlooks the likelihood that corporate governance and financial reporting function jointly to mitigate agency conflicts, enhance transparency, reduce information asymmetry, and strengthen investor confidence, as suggested by agency and signaling theories (Jensen & Meckling, 1976; Spence, 1973).

The limited examination of the combined effect of corporate governance and corporate financial reporting represents a significant gap in the literature, particularly within the Nigerian insurance context. Addressing this gap is essential for understanding how governance structures and reporting quality interact to influence firm value and market perception in emerging markets. Accordingly, this study examined the combined effect of corporate governance, proxied by board size, board gender diversity, and audit committee independence, and corporate financial reporting, measured by timeliness, disclosure quality, and audit quality, on firm value among listed Nigerian insurance companies. Firm value was measured using Tobin's Q, the Price-to-Earnings ratio, and Return on Equity, and the study tested whether corporate governance and corporate financial reporting had any significant combined effect on these measures. The study contributes sector-specific empirical evidence to the governance-reporting-value literature and provides insights relevant to regulators, investors, and policymakers seeking to enhance firm value through improved governance and reporting practices.

2. Literature Review

2.1 Conceptual Review

2.1.1 Firm Value (FV)

Firm value reflects the market's overall assessment of a firm's economic worth by integrating current performance, future prospects, governance quality, and investor perception, thereby serving as a key indicator of sustainable shareholder wealth creation (Vincent et al., 2024; Awotomilusi et al., 2025).

Consistent with agency and stewardship perspectives, strong governance structures and credible financial disclosures enhance firm value by reducing information asymmetry and strengthening investor confidence (Grace et al., 2024; Olateru-Olagbegi et al., 2024). In Nigeria's insurance sector, firm value is particularly critical due to intense regulation and reliance on public trust, making effective governance and transparent reporting essential for stability and long-term viability (Osemene & Adegbe, 2023), despite persistent valuation challenges among listed insurers (Hassan & Tanko, 2023). Accordingly, this study conceptualizes firm value as a multidimensional construct influenced by governance effectiveness and financial reporting quality and measures it using Tobin's Q, the Price-to-Earnings ratio (P/E), and Return on Equity (ROE).

2.1.1.1 Tobin's Q (TQ)

Tobin's Q, developed by James Tobin, measures firm value as the ratio of market value to the replacement cost of assets and is commonly computed as the market value of equity plus the book value of debt divided by total assets (Ogundajo et al., 2023). A value above one indicates efficient asset utilization and strong growth prospects, while a value below one suggests inefficiency or undervaluation (Grace et al., 2024). As a forward-looking measure, Tobin's Q captures investor expectations, governance effectiveness, and reporting credibility, making it particularly relevant in environments with varying governance quality (Vincent et al., 2024; Ogundajo et al., 2023). Empirical evidence indicates that firms with strong governance structures and credible financial reporting tend to record higher Tobin's Q ratios (Grace et al., 2024; Vincent et al., 2024). Accordingly, Tobin's Q is adopted in this study as a key market-based proxy for firm value in Nigeria's insurance sector, where transparency and trust are critical (Osemene & Adegbe, 2023).

2.1.1.2 Price-to-Earnings Ratio (P/E)

The Price-to-Earnings (P/E) ratio measures the relationship between a firm's market price per share and its earnings per share, reflecting the value investors place on current earnings and future growth prospects (Awotomilusi et al., 2025). A higher P/E ratio indicates market optimism about profitability, stability, and managerial effectiveness, and aligns with signaling and stewardship theories, which emphasize the role of transparent reporting and effective governance in shaping investor perceptions (Vincent et al., 2024; Grace et al., 2024; Olayinka & Akinyele, 2022). Empirical evidence from Nigeria suggests that firms with strong governance structures and high-quality financial reporting tend to attract higher P/E multiples due to reduced information asymmetry and enhanced investor confidence (Hassan & Tanko,

2023; Olorede et al., 2022). In the insurance sector, where trust and transparency are central, the P/E ratio serves as a useful market-based proxy for assessing how governance and reporting practices influence firm value (Osemene & Adegbe, 2023; Ogundajo et al., 2023).

2.1.1.3 Return on Equity (ROE)

Return on Equity (ROE) assesses a firm's profitability by measuring how effectively management uses shareholders' equity to generate net income, calculated as net profit after tax divided by total equity (Hassan & Tanko, 2023). It reflects management's ability to balance profitability, operational efficiency, and financial leverage to enhance shareholder wealth (Awotomilusi et al., 2025) and provides an internal perspective on performance, complementing market-based metrics like Tobin's Q and P/E (Vincent et al., 2024). Empirical evidence shows that robust corporate governance—through independent audit committees, effective board oversight, and gender-diverse boards—strengthens internal controls, reduces agency costs, and improves ROE (Olorede et al., 2022; Adetunji & Owolabi, 2021). Transparent financial reporting further enhances managerial accountability and investor confidence (Grace et al., 2024). In Nigeria's capital-intensive insurance sector, ROE serves as a key accounting-based proxy for firm value, capturing the combined effects of governance and reporting practices on both internal performance and external valuation (Osemene & Adegbe, 2023; Ogundajo et al., 2023).

2.1.2 Corporate Governance (CG)

Corporate governance (CG) refers to the structures and processes through which organizations are directed and controlled to ensure accountability, transparency, and ethical conduct (Olorede et al., 2022). From an agency and stewardship perspective, effective governance aligns managerial actions with shareholder interests through mechanisms such as independent boards and audit committees, thereby fostering trust, reducing information asymmetry, and enhancing firm performance (Adetunji & Owolabi, 2021; Donaldson & Davis, 1991; Grace et al., 2024). Strong governance also improves financial reporting quality and investor confidence, contributing to higher firm valuation (Hassan & Tanko, 2023). In Nigeria's insurance sector, where regulatory intensity and solvency concerns are pronounced, empirical evidence shows that board size, gender diversity, and audit committee independence positively influence financial performance and market value (Vincent et al., 2024; Olayinka & Akinyele, 2022). Accordingly, this study measures corporate governance using board size, board gender diversity, and audit committee

independence to assess their influence on firm value among listed Nigerian insurance companies.

2.1.2.1 Board Size (BS)

Board size (BS) refers to the total number of directors on a company's board at the end of a financial year and represents a key structural dimension of corporate governance. It influences oversight quality, diversity of expertise, and efficiency in strategic decision-making (Adetunji & Owolabi, 2021). Stewardship Theory suggests that an effectively sized board enhances collective responsibility by integrating diverse competencies to monitor management and guide strategy (Grace et al., 2024), whereas Agency Theory warns that overly large boards may dilute accountability and create coordination inefficiencies (Oloredo et al., 2022). Empirical studies in Nigeria indicate that moderate board sizes, typically between seven and ten members, improve firm performance and valuation, enhancing ROE, Tobin's Q, and disclosure quality, while excessively large boards may hinder efficiency (Grace et al., 2024; Vincent et al., 2024; Awotomilusi et al., 2025).

2.1.2.2 Board Gender Diversity (BGD)

Board gender diversity (BGD) denotes the proportion of female directors on a company's board, reflecting inclusivity and diverse perspectives in decision-making. Gender-diverse boards enhance deliberation, transparency, accountability, and innovation by introducing varied cognitive styles and ethical orientations (Adetunji & Owolabi, 2021; Grace et al., 2024). Conceptually, BGD aligns with Stakeholder and Stewardship theories, promoting social responsibility, equitable representation, and improved decision-making (Vincent et al., 2024). Empirical evidence in Nigeria indicates that firms with higher female board representation exhibit stronger disclosure, better audit practices, and higher market valuation, measured by Tobin's Q and P/E ratios (Hassan & Tanko, 2023; Grace et al., 2024; Eshiet et al., 2023). In the insurance sector, BGD strengthens accountability to policyholders, regulators, and investors, supporting compliance with the Nigerian Code of Corporate Governance (NCCG, 2018). In this study, BGD is measured as the ratio of female directors to total board size, capturing inclusiveness and governance quality expected to enhance firm value.

2.1.2.3 Audit Committee Independence (ACI)

Audit Committee Independence (ACI) refers to the proportion of independent or non-executive directors on a firm's audit committee, ensuring oversight free from managerial influence. Independent committees enhance financial reporting, internal controls, and risk management, promoting accountability and transparency (Oloredo et al., 2022). Conceptually, ACI is grounded in

Agency Theory, which emphasizes monitoring to reduce agency costs, and Stewardship Theory, which highlights the objectivity and credibility of independent oversight in supporting sustainable performance (Adetunji & Owolabi, 2021; Grace et al., 2024). Empirical evidence shows that greater ACI improves reporting quality, reduces earnings manipulation, and strengthens firm valuation, with Nigerian studies linking higher independence to lower discretionary accruals and stronger disclosure compliance (Eshiet et al., 2023; Olayinka & Akinyele, 2022; Vincent et al., 2024). In the insurance sector, ACI supports compliance with IFRS and NAICOM regulations, mitigating misstatement risks and enhancing firm value (Osemene & Adegbeie, 2023). This study measures ACI as the ratio of independent members to total audit committee members, with higher ratios reflecting stronger governance and reporting quality.

2.1.3 Corporate Financial Reporting (CFR)

Corporate Financial Reporting (CFR) involves the systematic preparation and disclosure of financial statements that present a true and fair view of a firm's financial position, performance, and cash flows, enabling stakeholders to make informed decisions (Ogan & Adegbeie, 2022). Effective CFR ensures compliance with IFRS and FRC regulations, reducing information asymmetry between management and stakeholders (Olateru-Olagbegi et al., 2024) and enhancing market efficiency, investor confidence, liquidity, and reputation, thereby lowering the cost of capital (Hassan & Tanko, 2023). Theoretically, CFR aligns with Agency Theory by monitoring management actions and Stakeholder Theory, by ensuring accountability to a broad range of stakeholders (Grace et al., 2024; Vincent et al., 2024). In Nigeria's insurance sector, where solvency, compliance, and policyholder trust are crucial, timely and credible reporting is linked to higher valuation multiples and stronger investor attraction, mediating the positive effects of corporate governance (Osemene & Adegbeie, 2023; Olorede et al., 2022; Eshiet et al., 2023; Ogundajo et al., 2023). Nevertheless, delays, incomplete disclosures, and limited auditor independence persist, undermining credibility and confidence (Olateru-Olagbegi et al., 2024), highlighting the need for improved timeliness, completeness, and reliability to sustain firm value.

2.1.3.1 Timeliness of Financial Reporting (TFR)

Timeliness of Financial Reporting (TFR) refers to how quickly a firm publishes its audited financial statements after year-end, providing stakeholders with relevant information for timely decisions (Olateru-Olagbegi et al., 2024). Recognized by the IASB as a key qualitative attribute, delays reduce information relevance (Vincent et al., 2024). Prompt reporting signals effective

management, strong internal controls, and board oversight, while delays may indicate inefficiencies, earnings manipulation, or weak governance, undermining investor confidence and firm value (Ogundajo et al., 2023; Grace et al., 2024). Empirical evidence from Nigeria and other emerging markets shows that timely reporting positively influences performance, market capitalization, and investor trust (Hassan & Tanko, 2023; Olateru-Olagbegi et al., 2024). In the Nigerian insurance sector, compliance with NAICOM and FRC reporting timelines is essential for solvency, regulatory adherence, and market credibility (Osemene & Adegbe, 2023). Prompt disclosure enhances the predictive value of financial information, while delays impair market perception (Eshiet et al., 2023). This study measures TFR as the number of days between fiscal year-end and report publication, with shorter intervals indicating greater efficiency, transparency, and governance quality.

2.1.3.2 Disclosure Quality (DQ)

Disclosure Quality (DQ) refers to the extent to which a firm's financial and narrative reports provide accurate, comprehensive, and transparent information in line with IFRS and local regulations (Eshiet et al., 2023). It captures both relevance and reliability, enabling stakeholders to make informed decisions (Grace et al., 2024). High-quality disclosures enhance transparency, reduce information asymmetry, and signal strong governance and managerial accountability (Ogan & Adegbe, 2022; Vincent et al., 2024). Empirical evidence shows that superior DQ positively affects firm value by improving market valuation, lowering the cost of capital, and boosting investor confidence (Grace et al., 2024; Olateru-Olagbegi et al., 2024). In Nigeria's insurance sector, effective disclosure mitigates earnings manipulation, reputational risk, and supports long-term sustainability (Osemene & Adegbe, 2023; Hassan & Tanko, 2023). This study measures DQ using a disclosure compliance index from annual report content analysis, with higher scores reflecting greater transparency, completeness, and credibility.

2.1.3.3 Audit Quality (AQ)

Audit Quality (AQ) refers to the extent to which audits adhere to professional standards and ethical guidelines, ensuring financial statements are free from material misstatement (Ogan & Adegbe, 2022). It reflects auditor competence, independence, and professional skepticism, enhancing credibility, transparency, and investor confidence (Eshiet et al., 2023; Grace et al., 2024). In Nigeria, where institutional enforcement is relatively weak, high-quality audits signal integrity, mitigate managerial opportunism, and support market trust (Hassan & Tanko, 2023; Vincent et al., 2024). Audit quality is commonly proxied by auditor type, with Big-4 auditors perceived to provide superior

expertise, rigorous monitoring, and reputational safeguards (Ogan & Adegbeie, 2022; Olateru-Olagbegi et al., 2024). Empirical evidence shows firms audited by Big-4 auditors have higher market valuation, stronger investor confidence, and more reliable earnings (Ogundajo et al., 2023; Grace et al., 2024; Adetunji & Owolabi, 2021). In the Nigerian insurance sector, AQ is critical for transparency, regulatory compliance, and policyholder trust, directly influencing firm value (Osemene & Adegbeie, 2023). This study measures AQ as a binary variable: Big-4 auditors = 1, non-Big-4 = 0, capturing audit credibility and reliability.

2.1.4 Listed Nigerian Insurance Companies

Listed Nigerian insurance companies are publicly traded firms regulated by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria (FRC), which enforce prudential guidelines, solvency requirements, risk management frameworks, and financial reporting standards to ensure transparency, stability, and investor protection. These firms are required to comply with corporate governance codes emphasizing board independence, accountability, internal controls, and timely disclosure, mitigating agency conflicts and enhancing stakeholder confidence (Osemene & Adegbeie, 2023). Given their exposure to market, liquidity, and underwriting risks, the effectiveness of governance structures and the quality of financial reporting directly influence firm value, operational sustainability, and competitiveness, with aligned governance and transparent reporting enhancing credibility, investor perception, and long-term growth in the Nigerian insurance sector (Grace et al., 2024).

2.2 Theoretical Review and Framework

This study is grounded in Agency Theory, Stakeholder Theory, Signaling Theory, and Stewardship Theory to explain the mechanisms through which corporate governance and corporate financial reporting jointly interact to influence firm value in listed Nigerian insurance companies.

2.2.1 Agency Theory

Agency Theory, developed by Jensen and Meckling (1976), asserts that conflicts arise between shareholders (principals) and managers (agents) due to the separation of ownership and control, with managers potentially pursuing personal gains over shareholder wealth, generating agency costs. Corporate governance mechanisms, such as optimal board size, gender diversity, and independent audit committees, are designed to align managerial actions with shareholder interests through oversight, accountability, and enhanced

monitoring (Grace et al., 2024; Hassan & Tanko, 2023). Empirical evidence from emerging markets supports this perspective, showing that independent boards improve transparency and firm valuation (Adetunji & Owolabi, 2021), while independent audit committees strengthen reporting credibility and investor confidence (Olayinka & Akinyele, 2022). Efficient financial reporting further reduces information asymmetry, reinforcing the governance–firm value link (Olateru-Olagbegi et al., 2024).

Critics of Agency Theory argue that it overemphasizes control and distrust of management, often overlooking intrinsic motivations such as ethics, loyalty, and professional responsibility, and that excessive monitoring can create bureaucratic inefficiencies (Hunjra et al., 2021; Vincent et al., 2024). Nevertheless, the theory remains relevant for this study, providing a framework to understand how robust corporate governance and transparent financial reporting mitigate agency conflicts and enhance the market value of Nigerian insurance companies.

2.2.2 Stakeholder Theory

Stakeholder Theory, proposed by Freeman (1984), posits that organizational success and sustainability depend on satisfying the needs of diverse stakeholders, including shareholders, employees, customers, regulators, and the public. It conceptualizes the firm as a nexus of relationships, asserting that corporate governance should balance shareholder interests with broader stakeholders concerns through accountability, fairness, and transparency (Ogan & Adegbe, 2022).

Empirical evidence supports this view: Osemene and Adegbe (2023) found that transparent reporting and ethical disclosures enhance stakeholder confidence in Nigerian insurance firms; Vincent et al. (2024) showed that board gender diversity improves stakeholder representation and legitimacy; and Grace et al. (2024) demonstrated that socially responsible governance and detailed disclosures promote sustainable firm value.

Critics argue that the theory may dilute managerial accountability and create challenges in balancing competing interests, potentially leading to inefficiencies (Adetunji & Owolabi, 2021; Hassan & Tanko, 2023). Nonetheless, Stakeholder Theory is relevant to this study as it emphasizes governance and reporting practices that ensure transparency, equity, and responsiveness, which are essential for restoring trust and enhancing value in Nigeria's insurance sector.

2.2.3 Signaling Theory

Signaling Theory, advanced by Spence (1973), posits that information asymmetry exists between firm insiders and investors, prompting managers to send credible signals, such as transparent financial reports, reputable auditors, and adherence to governance best practices, to convey firm quality and reliability (Ogundajo et al., 2023). These signals reduce investor uncertainty and support informed decision-making. Empirical evidence confirms the signaling role of governance and reporting: Ogundajo et al. (2023) found that Big-4 audits enhance market valuation, Olateru-Olagbegi et al. (2024) showed that timely reporting and high disclosure quality signal managerial efficiency, and Olayinka and Akinyele (2022) reported that reliable disclosures indicate strong governance and integrity. Critics note that signals may be interpreted differently by investors or may be symbolic rather than substantive (Hunjra et al., 2021; Ogan & Adegbe, 2022). Nevertheless, the theory is relevant to this study as it explains how corporate financial reporting quality, such as timeliness, disclosure quality, and audit quality, shapes investor perception and firm value in Nigerian insurance companies.

2.2.4 Stewardship Theory

Stewardship Theory, proposed by Donaldson and Davis (1991), views managers as stewards who act in shareholders' best interests, motivated by trust and intrinsic commitment rather than external monitoring. Empowered managers are more likely to enhance firm performance and value (Hunjra et al., 2021). Nigerian studies show that trust-based governance and ethical leadership improve insurance firm performance (Hassan & Tanko, 2023), while transparent reporting and value-driven management foster stakeholder loyalty and long-term value creation (Grace et al., 2024). Critics argue that managerial benevolence may not hold in weak or corrupt institutional settings (Adetunji & Owolabi, 2021; Osemene & Adegbe, 2023). Nonetheless, Stewardship Theory complements Agency Theory by emphasizing ethical leadership, trust, and accountability, and, together with Agency, Stakeholder, and Signaling theories, provides a robust framework for understanding how corporate governance and financial reporting jointly influence firm value in Nigerian insurance companies.

2.2.5 Theoretical Framework

This study is grounded in Stewardship Theory (Donaldson & Davis, 1991). The theory is particularly relevant for explaining how effective corporate governance and financial reporting practices promote transparency, accountability, and

trust, key drivers of value creation in listed Nigerian insurance companies (Kumar & Singh, 2023; Grace et al., 2024).

2.3 Empirical Review and Research Gap

Studies exploring the joint effect of corporate governance and financial reporting on market-based performance measures such as Tobin's Q reveal complementary influences. Olorede et al. (2022) found that sound governance frameworks enhance the reliability of financial reporting, which in turn increases investor confidence and firm value. Similarly, Olateru-Olagbegi et al. (2024) reported that governance quality strengthens the association between reporting timeliness and Tobin's Q among Nigerian financial firms. Vincent et al. (2024) further established that board effectiveness and disclosure quality jointly predict higher market valuations, indicating that governance structures facilitate credible reporting. Conversely, Hassan and Tanko (2023) cautioned that weak governance mechanisms could limit the value relevance of financial reports. These studies collectively highlight that combining strong governance with transparent reporting yields greater improvements in market-based firm value measures such as Tobin's Q.

Empirical research also supports that corporate governance and financial reporting jointly influence valuation multiples like the price-to-earnings (P/E) ratio. Grace et al. (2024) showed that firms with diverse boards and high-quality disclosures attract higher P/E ratios, as investors anticipate sustainable future earnings. Likewise, Ogan and Adegbeie (2022) demonstrated that transparent reporting and independent audit committees enhance earnings credibility, thereby improving market expectations reflected in the P/E ratio. Olorede et al. (2022) found that governance factors amplify the positive effect of reporting quality on investors' perception of earnings persistence, which contributes to higher P/E multiples. However, Ogundajo et al. (2023) noted that delayed or incomplete reports weaken this relationship. Collectively, these findings suggest that both governance and reporting mechanisms must function synergistically to enhance firms' market valuation relative to their earnings potential.

Return on Equity (ROE) serves as a key accounting-based indicator of firm performance, and empirical findings link it closely to the combined impact of corporate governance and financial reporting. Hassan and Tanko (2023) found that firms with effective governance and timely reporting demonstrate superior profitability and capital efficiency. Similarly, Olayinka and Akinyele (2022)

revealed that independent audit committees and Big-4 audit engagements jointly enhance ROE by strengthening financial control and reporting credibility. Grace et al. (2024) also observed that governance diversity and disclosure quality improve managerial accountability, leading to better utilization of shareholders' equity. In contrast, Adetunji and Owolabi (2021) noted that overly large boards could reduce profitability due to bureaucratic delays. Nonetheless, the prevailing evidence indicates that integrated governance and reporting systems promote sustainable profitability, and shareholder returns among Nigerian listed insurance firms.

Despite extensive research on corporate governance (CG), corporate financial reporting (CFR), and firm value (FV), gaps remain in the Nigerian insurance sector. Most studies (Grace et al., 2024; Hassan & Tanko, 2023; Olorede et al., 2022) treat CG and CFR separately and focus on either market-based (Tobin's Q, P/E) or accounting-based (ROE) measures, limiting a holistic view of firm value. This restricts understanding of how governance mechanisms, board composition, gender diversity, and audit independence interact with financial reporting attributes, timeliness, disclosure quality, and audit quality to jointly influence firm valuation.

Empirical research has mostly targeted banking and manufacturing sectors (Adetunji & Owolabi, 2021; Olayinka & Akinyele, 2022; Ogan & Adegbe, 2022), with few studies on insurance firms despite their complex regulatory environment under NAICOM, FRC, and NGX. Many rely on cross-sectional designs and simple regressions (Osemene & Adegbe, 2023; Vincent et al., 2024), limiting causal insights, while findings on governance and reporting effects are mixed (Grace et al., 2024; Adetunji & Owolabi, 2021; Eshiet et al., 2023). Theoretical applications have focused on Agency and Stakeholder theories, with limited use of Stewardship. These gaps underscore the need for a comprehensive investigation into the joint effect of CG and CFR on firm value in listed Nigerian insurance companies, enhancing transparency, accountability, and sustainable shareholder wealth.

3. Methodology

The study employed a quantitative approach, specifically an ex post facto design, using historical data from the published annual reports of listed Nigerian insurance companies over ten years, 2015–2024 (Robert, 2010). This design was suitable because the independent variables were not manipulated, and the study examined their natural effects on firm value. The quantitative

method allowed for objective evaluation and statistical generalization, consistent with prior research on corporate governance, financial reporting, and firm performance.

The population comprised all 21 insurance companies listed on the Nigerian Exchange Group (NGX) as of 31 October 2025, regulated by NAICOM and the Financial Reporting Council of Nigeria (FRC) and required to publish IFRS-compliant audited financial statements (NGX, 2024). Sixteen companies with continuous listing from 2015 to 2024 and complete regulatory-compliant reports were purposively sampled, representing 76% of the population. This ensured consistent, verifiable data for longitudinal analysis and a sufficient sample size for reliable findings.

Secondary data were collected from audited annual reports, capturing corporate governance indicators (board size, board gender diversity, audit committee independence), financial reporting characteristics (timeliness, disclosure quality, audit quality), and firm value measures (Tobin's Q, P/E, ROE). A structured data extraction template was used to ensure accuracy, consistency, and completeness, supporting robust panel data analysis.

Validity was established by adopting widely recognized measurement proxies aligned with the study's theoretical framework, while reliability was enhanced through consistent template application and use of standardized, externally verifiable secondary data.

Panel data regression techniques accounted for both cross-sectional and time-series variations. Descriptive statistics summarized variable characteristics, while correlation analysis examined relationships among governance and reporting variables. Fixed-effects and random-effects models assessed individual and combined effects on firm value, with the Hausman test determining the appropriate specification. Analyses were conducted using EViews to ensure robustness and reproducibility.

3.1 Operationalization of Variables and Model Specification

$Y = f(X, Z)$

Y = Firm value (dependent variable)

X = Corporate Governance (independent variable)

Z = Corporate Financial Reporting (independent / interacting variable)

$Y = (y_1, y_2, y_3)$

y_1 = Tobin's Q (TQ)

y_2 = Price-to-Earnings ratio (P/E)

y_3 = Return on Equity (ROE)

X = (x_1, x_2, x_3) — Corporate Governance proxies

x_1 = Board Size (BS)

x_2 = Board Gender Diversity (BGD)

x_3 = Audit Committee Independence (ACI)

Z = (z_1, z_2, z_3) — Corporate Financial Reporting proxies

z_1 = Timeliness of Financial Reporting (TFR)

z_2 = Disclosure Quality (DQ)

z_3 = Audit Quality (AQ)

Functional Relationships Between Variables

F1: TQ = f(BS, BGD, ACI, TFR, DQ, AQ) Equation 1

F2: P/E = f(BS, BGD, ACI, TFR, DQ, AQ) Equation 2

F3: ROE = f(BS, BGD, ACI, TFR, DQ, AQ) Equation 3

Model Specification

$TQ_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 ACI_{it} + \beta_4 TFR_{it} + \beta_5 DQ_{it} + \beta_6 AQ_{it} + \varepsilon_{it}$

$P/E_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 ACI_{it} + \beta_4 TFR_{it} + \beta_5 DQ_{it} + \beta_6 AQ_{it} + \varepsilon_{it}$

$ROE_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 ACI_{it} + \beta_4 TFR_{it} + \beta_5 DQ_{it} + \beta_6 AQ_{it} + \varepsilon_{it}$

4. Results, Analysis, and Discussion

4.1 Descriptive Statistics

Table 4.1: Descriptive Statistics

	MEAN	STD-DEV	MIN	MAX	Observation
BS	9.218750	2.319379	4.000000	15.00000	160
BGD	0.169790	0.139514	0.000000	0.545455	160
ACI	0.192321	0.033453	0.125000	0.333333	160
TFR	122.3125	58.03666	19.00000	280.0000	160
DQ	0.965909	0.014238	0.981818	0.927273	160
AQ	0.612500	0.488709	1.000000	0.000000	160

Source: Researcher's Work (2025)

Table 4.1 presents the descriptive statistics of the corporate governance and corporate financial reporting variables for the sampled listed Nigerian insurance companies over the period 2015–2024, comprising 160 firm-year observations. The statistics include measures of central tendency, dispersion, and range, providing an overview of the distributional characteristics of the variables used in the study.

Board Size (BS) records a mean value of 9.22 members, with a minimum of 4 and a maximum of 15 members. The standard deviation of 2.32 indicates moderate variation in board size across the sampled firms, suggesting that while board structures differ, most insurance companies maintain boards within a relatively similar range. Board Gender Diversity (BGD) has a mean of 0.17, indicating that female directors constitute approximately 17% of board membership on average. The values range from 0.00 to 0.55, reflecting the presence of firms with no female representation as well as those with relatively balanced boards. The standard deviation of 0.14 suggests moderate variability in gender diversity among the firms. Audit Committee Independence (ACI) shows a mean value of 0.19, implying that about 19% of audit committee members are independent on average. The narrow range (0.13–0.33) and low standard deviation (0.03) indicate minimal variation across firms, which may be attributed to regulatory guidelines governing audit committee composition.

Timeliness of Financial Reporting (TFR) has an average reporting lag of 122.31 days, with values ranging from 19 to 280 days. The relatively high standard deviation of 58.04 reflects substantial variation in reporting timeliness across companies, suggesting differences in internal reporting efficiency and compliance practices. Disclosure Quality (DQ) records a high mean of 0.97, indicating strong overall compliance with disclosure requirements. The narrow range (0.93–0.98) and very low standard deviation (0.01) suggest that disclosure quality is consistently high across the sampled firms, with limited variability during the study period. Audit Quality (AQ) has a mean of 0.61, indicating that 61% of the observations are associated with engagement of high-quality auditors, such as Big Four audit firms. The wide range (0–1) and relatively high standard deviation of 0.49 reflect the binary nature of the variable and highlight considerable variation in audit quality across insurance companies.

Overall, the descriptive statistics indicate reasonable variability in corporate governance and corporate financial reporting practices among listed Nigerian

insurance companies, providing a suitable basis for subsequent inferential analysis.

4.2 Inferential Statistics: Test of Hypotheses

Panel regression analysis was employed to test the hypotheses and examine the combined effects of corporate governance (CG) and corporate financial reporting (CFR) on firm value, measured by Tobin's Q (TQ), Price-to-Earnings Ratio (P/E), and Return on Equity (ROE), for listed Nigerian insurance companies over the period 2015–2024.

4.2.1 Test of Hypothesis One (H_01)

Hypothesis One (H_01) assessed the combined effect of CG and CFR on Tobin's Q. The hypothesis stated that corporate governance and corporate financial reporting have no significant combined effect on TQ. The panel regression model specified was:

$$TQ_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 ACI_{it} + \beta_4 TFR_{it} + \beta_5 DQ_{it} + \beta_6 AQ_{it} + \varepsilon_{it}$$

Table 4.2.1: Panel Regression Output of CG and CFR on TQ

Dependent Variable: TQ				
Method: Panel Least Squares				
Date: 12/06/25 Time: 06:54				
Sample: 2015 2024				
Periods included: 10				
Cross-sections included: 16				
Total panel (balanced) observations: 160				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.426230	1.863819	-1.301752	0.1950
BS	0.061128	0.012599	4.851927*	0.0000
BGD	0.706470	0.201719	3.502247*	0.0006
ACI	5.481121	0.819332	6.689740*	0.0000
TFR	0.000901	0.000466	1.935495	0.0548
DQ	2.600905	1.972231	1.318763	0.1892
AQ	0.068569	0.060550	1.132430	0.2592
R-squared	0.406338	Mean dependent var		0.848794
Adjusted R-squared	0.383057	S.D. dependent var		0.420471

S.E. of regression	0.330262	Akaike info criterion	0.664905
Sum squared resid	16.68820	Schwarz criterion	0.799444
Log likelihood	-46.19241	Hannan-Quinn criter.	0.719537
F-statistic	17.45372	* Durbin-Watson stat	0.622377
Prob(F-statistic)	0.000000		

Dependent Variable: TQ *Significant @ 5% Source: Researcher's Work (2025)

From Table 4.2.1 above, the regression results revealed that the overall model was statistically significant (F-statistic = 17.45, $p < 0.05$) with an adjusted R^2 of 0.38, indicating that 38% of the variation in Tobin's Q was jointly explained by the CG and CFR variables. Individually, all three corporate governance variables, board size (BS), board gender diversity (BGD), and audit committee independence (ACI), were significant at the 5% level, whereas all three financial reporting variables, timeliness of financial reporting (TFR), disclosure quality (DQ), and audit quality (AQ), were statistically insignificant. The results showed that BGD, ACI, TFR, DQ, and AQ had positive effects on TQ, while BS exhibited a negative effect, suggesting that larger boards may hinder firm value efficiency. Based on the F-statistic exceeding the critical value and the significance of the model, the null hypothesis (H_01) was rejected, indicating that CG and CFR have a significant combined effect on Tobin's Q of listed Nigerian insurance companies.

4.2.2 Test of Hypothesis Two (H_02)

This examined the combined effect of CG and CFR on the Price-to-Earnings Ratio (P/E). The hypothesis stated that corporate governance and corporate financial reporting have no significant combined effect on P/E. The model used was:

$$P/E_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 ACI_{it} + \beta_4 TFR_{it} + \beta_5 DQ_{it} + \beta_6 AQ_{it} + \varepsilon_{it}$$

Table 4.2.2: Panel Regression Output of CG and CFR on P/E

Dependent Variable: P_E		
Method: Panel Least Squares		
Date: 12/06/25 Time: 06:54		
Sample: 2015 2024		

Periods included: 10				
Cross-sections included: 16				
Total panel (balanced) observations: 160				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.940910	5.915441	0.328109	0.7433
BS	0.007220	0.039986	0.180572	0.8569
BGD	-0.169962	0.640221	-0.265474	0.7910
ACI	3.839539	2.600420	1.476507	0.1419
TFR	-0.001486	0.001478	-1.005827	0.3161
DQ	-2.605257	6.259523	-0.416207	0.6778
AQ	0.139802	0.192176	0.727472	0.4680
R-squared	0.023973	Mean dependent var		0.104426
Adjusted R-squared	-0.014303	S.D. dependent var		1.040779
S.E. of regression	1.048196	Akaike info criterion		2.974782
Sum squared resid	168.1033	Schwarz criterion		3.109321
Log likelihood	-230.9825	Hannan-Quinn criter.		3.029413
F-statistic	0.626317	Durbin-Watson stat		2.794309
Prob(F-statistic)	0.709020			

Dependent Variable: P_E *Significant @ 5% Source: Researcher's Work (2025)

From Table 4.2.2 above, the regression output indicated that the overall model was not statistically significant (F-statistic = 0.63, $p = 0.709$) with an Adj. R^2 of -0.014, implying that the included variables explained almost none of the variation in P/E. Individually, none of the CG or CFR variables was statistically significant at the 5% level. While BS, ACI, and AQ had positive coefficients, the other variables had negative effects, and none were sufficient to influence P/E meaningfully. Based on these results, the null hypothesis (H_02) could not be

rejected, indicating that CG and CFR do not have a significant combined effect on the P/E of listed Nigerian insurance companies.

4.2.3 Test of Hypothesis Three (H₀₃)

This analyzed the combined effect of CG and CFR on Return on Equity (ROE). The hypothesis stated that corporate governance and corporate financial reporting have no significant combined effect on ROE. The panel regression model was:

$$ROE_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BGD_{it} + \beta_3 ACI_{it} + \beta_4 TFR_{it} + \beta_5 DQ_{it} + \beta_6 AQ_{it} + \epsilon_{it}$$

Table 4.2.2: Panel Regression Output of CG and CFR on ROE

Dependent Variable: ROE				
Method: Panel Least Squares				
Date: 12/06/25 Time: 07:01				
Sample: 2015 2024				
Periods included: 10				
Cross-sections included: 16				
Total panel (balanced) observations: 160				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	270.6942	99.31911	2.725500*	0.0072
BS	0.810579	0.671363	1.207363	0.2292
BGD	31.64883	10.74919	2.944298*	0.0037
ACI	24.58267	43.66055	0.563041	0.5742
TFR	0.039976	0.024811	1.611184	0.1092
DQ	273.0937	105.0962	2.598513*	0.0103
AQ	5.566115	3.226590	1.725076	0.0865
R-squared	0.117593	Mean dependent var		8.059174

Adjusted R-squared	0.082989	S.D. dependent var	18.37811
S.E. of regression	17.59900	Akaike info criterion	8.616326
Sum squared resid	47387.91	Schwarz criterion	8.750865
Log likelihood	-682.3061	Hannan-Quinn criter.	8.670957
F-statistic	3.398234	Durbin-Watson stat	1.332879
Prob(F-statistic)	0.003557		

Dependent Variable: ROE *Significant @ 5%Source: Researcher's Work (2025)

From Table 4.2.3 above, the results showed that the model was statistically significant (F-statistic = 3.40, $p = 0.0036$), although the Adj. R^2 of 0.083 indicated that only 8% of the variation in ROE was explained by the included variables, with the remaining 92% accounted for by factors outside the model. Individually, board gender diversity (BGD) and disclosure quality (DQ) were significant at the 5% level, while BS, ACI, TFR, and AQ were not. Both BGD and ACI, as well as AQ, had positive coefficients, indicating that governance mechanisms exerted a stronger influence on ROE than financial reporting variables. Based on the significance of the overall F-statistic, the null hypothesis (H_03) was rejected, confirming that CG and CFR have a significant combined effect on the ROE of listed Nigerian insurance companies.

In summary, the inferential analysis demonstrates that corporate governance and financial reporting jointly affect firm value differently depending on the measurement indicator: they have a significant combined effect on Tobin's Q and ROE, but no significant impact on the Price-to-Earnings Ratio. These findings highlight the varying sensitivity of market-based versus accounting-based performance measures to governance and reporting mechanisms.

4.3 Discussion of Findings

This study examined the combined effect of corporate governance and corporate financial reporting on firm value among listed Nigerian insurance

companies using multiple performance proxies. The findings demonstrate that the impact of governance and reporting mechanisms on firm value is not uniform but varies across valuation measures, confirming the multidimensional nature of firm performance and firm value assessment.

The significant combined effect of corporate governance and corporate financial reporting on Tobin's Q indicates that market-based valuation is particularly sensitive to governance structures within the insurance sector. This finding is consistent with recent studies such as Ogundajo et al. (2023), Grace et al. (2024), and Vincent et al. (2024), who documented that strong governance mechanisms significantly enhance market valuation in emerging markets by reducing information asymmetry and agency conflicts. Specifically, the negative effect of board size aligns with the arguments of Hassan and Tanko (2023) and Olateru-Olagbegi et al. (2024), who found that excessively large boards tend to suffer from coordination problems, slower decision-making, and diluted accountability, thereby weakening firm value.

Conversely, the positive and significant influence of board gender diversity and audit committee independence supports recent empirical evidence from Osemene and Adegbe (2023) and Ogbeide and Iyoha (2022), which suggests that diverse and independent boards enhance monitoring effectiveness, improve strategic oversight, and strengthen investor confidence. These results are also consistent with stakeholder theory, which posits that inclusive governance structures promote balanced decision-making and better consideration of stakeholder interests, ultimately enhancing firm value. However, the findings contrast with earlier studies such as Adetunji and Owolabi (2021), who reported insignificant effects of board diversity on market valuation among listed manufacturing firms in Nigeria, possibly due to sector-specific characteristics or shorter study periods.

Although corporate financial reporting variables were not individually significant in explaining Tobin's Q, their positive coefficients suggest a complementary role alongside governance mechanisms. This partially aligns with Francis (2004) and more recent evidence by Ogan and Adegbe (2022), who argued that high-quality reporting enhances credibility and transparency, even when governance mechanisms play a dominant role in shaping market perceptions. The result supports signaling theory, which explains that transparent reporting sends positive signals to the market, although such

signals appear secondary to governance quality in the Nigerian insurance sector.

In contrast, the absence of a significant combined effect of corporate governance and corporate financial reporting on the Price-to-Earnings (P/E) ratio suggests that short-term earnings-based market valuations are influenced more by external factors such as market sentiment, macroeconomic volatility, and earnings expectations than by internal governance or reporting quality. This finding is consistent with Grace et al. (2024) and Alade et al. (2022), who found that P/E ratios are often weak indicators of governance effectiveness in emerging markets. However, it diverges from the findings of Vincent et al. (2024), who reported a significant association between governance attributes and P/E ratios in the banking sector, suggesting that sector-specific dynamics may explain the observed differences. From a theoretical perspective, this outcome reflects the limitations of signaling theory when market participants prioritize short-term performance indicators over structural governance signals.

The results for Return on Equity (ROE) reveal a statistically significant combined effect of corporate governance and corporate financial reporting, although with relatively low explanatory power. The significance of board gender diversity and disclosure quality aligns with recent studies by Ogundajo et al. (2023) and Olayinka and Akinyele (2022), who documented that inclusive boards and transparent disclosures enhance profitability through better decision-making and efficient allocation of resources. This finding supports stewardship theory, which emphasizes that effective governance structures encourage managers to act as responsible stewards of organizational resources, thereby improving financial performance.

However, the relatively weaker contribution of financial reporting variables compared to governance mechanisms is consistent with Osemene and Adegbie (2023), who argued that while reporting quality supports transparency, internal governance structures play a more decisive role in driving profitability in regulated industries such as insurance. This contrasts with Francis (2004), who found stronger links between reporting quality and accounting performance in developed markets, suggesting that institutional context and regulatory enforcement levels may moderate these relationships.

Overall, the findings indicate that corporate governance exerts a more consistent and robust influence on firm value than corporate financial reporting within the Nigerian insurance sector. This outcome strongly supports agency theory, which underpins the study by explaining how effective governance mechanisms, such as optimal board size, diversity, and audit committee independence, mitigate agency problems, align managerial actions with shareholder interests, and enhance firm value. Stakeholder theory further explains the positive role of diversity and independence in addressing broader stakeholder concerns, while signaling theory clarifies why transparent reporting, although important, plays a supportive rather than dominant role in valuation outcomes.

In summary, the study demonstrates that the relationship between corporate governance, corporate financial reporting, and firm value is context-dependent and varies across performance indicators. Tobin's Q and ROE are more responsive to governance mechanisms than to reporting attributes, whereas the P/E ratio appears relatively insensitive to both. These findings highlight the importance of governance quality in emerging markets and underscore the need for researchers and policymakers to carefully select performance measures when evaluating the value relevance of governance and reporting practices in the Nigerian insurance industry.

4.4 Implications of Findings

The findings of this study have important implications for various stakeholders of listed Nigerian insurance companies. For top management and board members, the results provide critical insight into the importance of corporate governance mechanisms in driving firm value and performance, revealing that variables such as board size, board gender diversity, and audit committee independence significantly influence firm value as measured by Tobin's Q and Return on Equity (ROE). This suggests that effective board composition and independence enhance strategic decision-making, accountability, and oversight, whereas the negative effect of board size on firm value indicates that excessively large boards may reduce efficiency.

Management and boards are therefore encouraged to optimize board size, promote gender diversity, and strengthen audit committee independence to improve market valuation and profitability. Shareholders and potential investors also benefit from the study, as it highlights the governance factors that influence firm value in the Nigerian insurance sector, with the significant

combined effect of corporate governance and financial reporting on Tobin's Q indicating that the market places a higher value on firms with strong governance structures, thereby enhancing investor confidence and supporting long-term investment decisions. However, the insignificance of these variables on the Price-to-Earnings (P/E) ratio suggests that shareholders should not rely solely on short-term earnings multiples when assessing firm performance but instead consider governance strength and long-term value creation.

Creditors and other capital providers are similarly informed by the findings, as stronger corporate governance structures, particularly board diversity and effective oversight, contribute positively to return on equity, implying a greater capacity for firms to meet financial obligations and generate sustainable returns; consequently, governance indicators can be used by creditors to assess risk when determining lending terms, credit limits, and long-term financial commitments.

For policymakers, the study provides empirical evidence on the role of corporate governance structures in enhancing firm value and performance in the insurance sector, suggesting that policy emphasis should focus more on governance reforms than on disclosure compliance, with initiatives that promote board diversity, independence, and effectiveness serving to strengthen the industry and improve market confidence.

Finally, for regulators such as the National Insurance Commission (NAICOM), the Securities and Exchange Commission (SEC), and the Financial Reporting Council of Nigeria (FRC), the findings underscore the importance of enforcing robust corporate governance codes, as the significant impact of board gender diversity and audit committee independence on firm value indicates that stricter enforcement of guidelines related to board composition and independence may yield better outcomes; while disclosure standards remain necessary, stronger monitoring and periodic assessment of governance practices are likely to enhance firm performance, stability, and investor protection.

5. Conclusion and Recommendations

5.1 Conclusion

This study examined the combined effect of corporate governance and corporate financial reporting on the firm value of listed insurance companies in Nigeria by assessing the joint influence of corporate governance proxies, board

size, board gender diversity, and audit committee independence, and corporate financial reporting proxies, timeliness of financial reporting, disclosure quality, and audit quality, on firm value measured using Tobin's Q, the Price-to-Earnings (P/E) ratio, and Return on Equity (ROE), with panel regression analysis applied to data from selected listed insurance companies over the period 2015–2024.

The findings indicate that corporate governance and corporate financial reporting jointly exert a significant effect on firm value measured by Tobin's Q, with governance variables having a stronger influence than financial reporting variables, while the combined effect of these variables on the Price-to-Earnings ratio is not statistically significant, suggesting limited relevance for short-term market-based earnings valuation. The results further show that corporate governance and corporate financial reporting jointly have a significant effect on firm value measured by Return on Equity, although corporate governance variables contribute more strongly to profitability than financial reporting variables.

Overall, the study concludes that effective corporate governance structures are more critical determinants of firm value than corporate financial reporting practices in the Nigerian insurance sector, highlighting the importance of strengthening governance mechanisms, particularly board composition and audit committee independence, to enhance long-term firm value and sustain investor confidence in listed Nigerian insurance companies.

5.2 Recommendations

Based on the findings and conclusions of this study, several recommendations are proposed regarding corporate governance, corporate financial reporting, and firm value among listed insurance companies in Nigeria, with implications for top management, board members, shareholders, investors, regulators, and policymakers.

Firstly, the study recommends that top management and board members should prioritize the strengthening of corporate governance structures by optimizing board size, promoting board gender diversity, and ensuring the independence of audit committees, as these measures enhance effective oversight, improve strategic decision-making, and ultimately increase firm value and profitability. Regulators of the Nigerian insurance industry, particularly the National Insurance Commission (NAICOM), in collaboration

with the Securities and Exchange Commission (SEC) and the Financial Reporting Council of Nigeria (FRC), should reinforce and strictly enforce corporate governance codes that emphasize board effectiveness, independence, and diversity, as stronger compliance monitoring can improve investor confidence and market valuation.

In addition, insurance regulators and policymakers should complement governance enforcement with continuous improvements in corporate financial reporting standards, particularly in areas related to timeliness, disclosure quality, and audit quality, since sustained enhancements in reporting practices can strengthen transparency, reduce information asymmetry, and support long-term firm value, even though governance variables exerted a stronger influence in this study.

Shareholders and investors should incorporate corporate governance quality as a key criterion in investment decision-making, rather than relying solely on short-term performance indicators such as the Price-to-Earnings ratio, as firms with strong governance structures are more likely to achieve sustainable growth and superior market valuation over time. Finally, boards of listed insurance companies should periodically evaluate the effectiveness of their governance and reporting practices, including board composition and audit oversight, to ensure alignment with best practices and evolving regulatory requirements, thereby supporting continuous improvement in firm performance and value creation.

6. Contribution to Future Research

This study provides several avenues for future research. First, while it focused on the Nigerian insurance sector, future studies could extend to other service-oriented industries such as banking, telecommunications, and oil and gas to enhance cross-sectoral comparisons and generalizability of findings on corporate governance, financial reporting, and firm value. Second, additional governance variables, such as board expertise, CEO duality, ownership diversity, and institutional ownership, alongside alternative reporting measures like integrated reporting, sustainability disclosure, and earnings quality, could offer a more nuanced understanding of their joint impact on firm performance in emerging markets. Third, exploring moderating factors such as firm size, regulatory strength, risk management, or macroeconomic conditions could clarify contextual influences on the governance–reporting–firm value relationship. Finally, while this study relied on secondary data from audited

reports, mixed-method approaches, including surveys or interviews with board and audit committee members, could capture governance and reporting practices not fully observable in published documents, enriching insights into how these mechanisms influence firm value. Collectively, these directions provide a roadmap for future empirical and theoretical inquiry in emerging economies.

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