

Effect of Corporate Governance Attributes on Investment Decision of Listed Insurance Firms in Nigeria.

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Abstract

Corporate governance is not enacted by government to regulate corporate entity only but also to enhance accountability and transparency. This study examined the effect of corporate governance attributes on investment decision of listed insurance firms in Nigeria. Specifically, the study examined the effect of managerial ownership, institutional ownership, independent non-executive directors, board size, board gender diversity and board member financial expertise on investment decision of listed insurance firms in Nigeria. This study adopted ex-post facto research design. The population of the study comprised 22 insurance firms listed on Nigeria Exchange Group (NGX) as at 31st December, 2021. The data for the study were collected from secondary sources through annual reports for the period of 11 years from 2011 to 2021. The data collected were analysed using panel regression technique with the aid of STATA 15. After carrying out Hausman test between fixed effect model and random effect model, fixed effect model was used to test the hypotheses of the study. The findings revealed that managerial ownership and institutional ownership have insignificant negative effect on investment decision. In addition, the result revealed that independent non-executive directors, board size and board member financial expertise have significant positive effect on investment decision. Finally, the result revealed that board gender diversity has insignificant positive effect on investment decision. The study concludes that board size, independent non-executive directors and board member financial expertise have significant positive effect on investment decision of listed insurance firms in Nigeria and Therefore, it is recommended that FRC Nigeria should increase board size, independent non-executive directors and board member financial expertise through the Nigeria code of corporate governance (NCCG) of listed insurance firms in Nigeria as these corporate governance attributes are very important in contributing to investment decision.

Keywords: corporate governance, Nigeria Exchange Group (NGX).

1.0 Introduction

Investment decision is a critical decision to the growth and expansion of any organization. For the expansion of any organization and the preservation of

shareholders' interests, investment decision required well-organized corporate governance with a diverse and independent board, experience and knowledge in the field of accounting, and a fair number of board members. A growing emphasis on the need for corporate governance has been inspired by the rising prevalence of corporate fraud caused by poor investment decision. Despite the enactment of corporate governance code by different countries for organizations, the issue of corporate failure still persists.

Many significant multinational entities filed for bankruptcy after making adjustments to its financial records, including the energy firm Enron in the United States in 2001, WorldCom Global Crossing, and rank Xeron. In addition, a number of foreign reinsurance and insurance companies, notably Mutual Risk Management Limited, failed between 2002 and 2005. Because the directors of the firm utilized funds designated for guarantee annuity rate products to support existing annuity policies, the Equity Life Assurance Society in the United Kingdom collapsed in 2002.

The largest insurance company in Sweden, Scandinavia Insurance Company, failed in 2003 when three of its senior executives were charged with embezzling company funds. In Nigeria, Lion-of-Africa Insurance also collapsed as a result of board crisis in 2007 when its liabilities exceeded its assets and it was unable to recapitalize, according to Momoh and Ukpong (2013).

However, managers of companies are mostly careful when deciding on the future investment for their organization because long-term investment require long-term financing which may affect shareholders dividend if the sources of finance will be through internal source. At the corporate board level, the issue of board financial expertise of non-executive directors is key to investment decision because their presence on the board can stop managers from funding investment that will result into negative NPV.

In Nigeria, previous study such as Wisdom and Oyebisi (2019) examined the impact of

corporate governance on investment decision of listed banks in Nigeria but their study did not examine board member financial expertise and did not cover listed insurance firms in Nigeria.

In the light of the above problems, there is need to examined the effect of corporate governance attributes on investment decision of listed insurance firms in Nigeria.

1.1 Objectives of the study

The general objective of this study is to examine the effect of corporate governance attribute on investment decision of listed insurance firms in Nigeria. Other specific objectives

- i. Examine the effect of managerial ownership on financial decisions of listed insurance firms in Nigeria.
- ii. Assess the effect of institutional ownership on financial decisions of listed insurance firms in Nigeria.
- iii. Assess the effect of the independent non-executive director on financial decisions of listed insurance firms in Nigeria.
- iv. Examine the effect of board size on financial decisions of listed insurance firms in Nigeria.
- v. Examine the effect of gender diversity on financial decisions for listed insurance firms in Nigeria.
- vi. Assess the effect of board member expertise on financial decisions of listed insurance firms in Nigeria.

2.0 Literature Review

2.1 Concept of corporate governance

According to Isaih and Micheal (2017), corporate governance principles encourage a decision-making process that takes into account and strikes a balance between the legitimate and reasonable demands, interests, and expectations of the company's shareholders in a way that is ethical, sustainable, and inclusive. The corporate collapse of firms like WorldCom, Enroll, etc. makes corporate governance important. To safeguard the interests of investors and stakeholders overall, nations like the USA, UK, Canada, and others have enacted corporate governance standards. This is because governance intervention is necessary to prevent corporations from collapsing in the future. Shuaibu et al., (2025) also argued that the present of institutional owners will strengthen the accountability of listed firms in Nigeria which may lead to better investment decision.

Corporate governance is defined by the company for Economic Cooperation and Development (OECD) as the policies and procedures that lead and manage a company. Furthermore, corporate governance establishes the guidelines and protocols for decision-making processes as well as the allocation of rights and obligations among the many stakeholders, including the owners, management,

board of directors, and other stakeholders (Ayat, 2017). Kunle (2013) argues that corporate governance is consequently more concerned with the company's broad strategic plan than it is with the managers and executives' day-to-day operational administration of the business. Put differently, effective corporate governance raises a company's worth and draws in capital. The function of the board of directors is among the characteristics of sound corporate governance. Since the board is responsible for establishing the overall direction of the company and making ensuring that sufficient controls are in place to safeguard shareholder value, it is believed that the board of directors is the main vehicle via which shareholders may exert influence over senior management.

The relationship between corporate governance and investment choices has been discussed in earlier research. According to a 2016 study by Basil and Emphraim, corporate governance has a detrimental effect on investment when it comes to setting aside capital for investments. They imply that decisions on investments should take external governance into consideration. Ciaran and Maria (2012) also noted that ownership and corporate governance reduced R&D spending at major UK corporations. According to Roland et al. (2012), family-controlled businesses in the USA would rather spend money on tangible assets than on risky R&D. Conversely, corporate governance has a statistically significant beneficial impact on investment decisions in Pakistan, according to Muhammed et al. (2018). In light of the conflicting results, corporate governance in the financial choices of corporate enterprises is still an open question.

2.1.2 Concept of Investment Decision

A choice on how much to spend on capital projects or R&D that will benefit the company in the future is referred to as an investment decision. This choice is contingent upon each organization's dividend policy and available funding sources. Organizations may choose to fund successful investments using retained earnings, which have no financing costs, if the cost of external borrowing is too high. However, when shareholders insist on receiving dividend payments on a regular basis, management are forced to turn to the capital markets in order to obtain additional funding for the lucrative project.

According to Jensen and Fama (1985), big, undiversified shareholders can prefer market-based rules above those based on their personal risk preferences when it comes to investing. Furthermore, Gompers and Lerner (2000) posit that powerful short-term investors tend to overlook the interests of other shareholders in favor of funding initiatives that align with their own investment horizons.

Conversely, Edman (2009) and Bello et al.,(2025) contends that the existence of shareholders lessens the pressure or incentives on a management to make

narrow-minded investment choices. The investment choice is one of the most important parts of finance management. Although the goal of investing should be to maximize shareholder wealth, in reality, investors may be enticed to make less-than-ideal, short-term investments. Underinvestment or overinvestment are two well-known inefficiencies that can happen when decision makers act in their own best interests. According to agency theory, shareholders of companies may prevent these less-than-ideal investment choices by putting in place robust corporate governance procedures.

2.2 Theoretical Framework

This study is underpin with Agency theory and stewardship theory

2.2.1 Agency theory

Jensen and Meckling were the first to propound agency theory (1976). They contended that agency connections arise when the principles assign part of their responsibilities to the agents. Jensen and Meckling (1976) claim that the primary cause of the emergence of these conflicts was the investor's incapacity to exert control over all management activities via an incentive mechanism. According to their view, the knowledge asymmetry between shareholders and management may be the cause of their agency problem, which might result in agency costs.

While Jensen (1986) contends that dividend payment could lead to disputes between managers and shareholders because managers are more inclined to hold onto resources than to pay a dividend, Rozeff (1982) claimed that dividend payment could function as a mechanism for lowering agency costs. Because growing their company will provide them more influence over company resources, managers are motivated to adopt growth plans. Dividends, however, are preferred by shareholders above retained earnings. According to Short et al. (2002), dividend policy is essential in minimizing agency conflict that might occur between management and shareholders. As per the findings of Stouraits and Wu (2006), dividend payment strategies are employed by Japanese companies to address their overinvestment issues, and the competing interests of managers and shareholders over dividend policy differ based on the potential for growth.

Increasing the debt-to-equity ratio, according to Lubakin and Chatterjee (1994), will guarantee that the managers run the company more profitably and enable them to distribute dividends to shareholders in lieu of investing in a project with a negative net present value (NPV) because they would be repaying the firm's debt. For shareholders to keep an eye on the management, leverage corporations are better since agency costs may be minimized by using debt obligations. Indah, Sutrisno, and Nuckholis (2017) claim that agency theory affects business

investment decisions in the sense that managerial ownership lessens the possibility of risky choices that might jeopardize his standing within the organization, making investment decisions less than optional. They asserted that agency conflict might result from knowledge asymmetry and conflicting interests between institutional and managerial ownership.

Debt finance may be employed as a governance tool or technique to lessen agency conflict between managers and shareholders, claim Hassainey and Aljir (2012). They claimed that by holding managers responsible to their investors, debt can act as a stand-in mechanism to lower the agency cost of free cash flow accessible to them. But since the agency theory is the source of the concept of a corporate governance attribute—most notably, managerial ownership—using it as a theoretical foundation for this research will shed light on the intimate connections between the corporate governance attribute and the financial decisions made by listed insurance companies in Nigeria.

2.2.2 Stewardship Theory

Donaldson and Davis (1991) propounded stewardship theory, which maintained that managers and leaders might align with the owner's objectives without creating a conflict of interest. According to the idea, stewardship conduct prioritizes service over self-interest by viewing followers as owners and partners and taking into account the possibility of achieving both corporate and personal goals. They contest the agency hypothesis, contending that managers are hired to oversee an organization rather than pursue their own self-interests.

According to stewardship theory, people are driven more by the goals of the organization than by their own interests. Managers are responsible for making sure that financial choices are made with the best interests of owners and the company in mind. According to Davis et al. (1997), self-management and self-control enable stewards to emphasize developing a trustworthy connection with their subordinates. Organization also becomes a component of the steward's mentality.

It is the responsibility of managers and owners to ensure that the business meets its goals by making financial decisions that communicate to investors that the organization and its stakeholders are the primary consideration, rather than personal gain. The stewardship notion may be applied as a means of holding people accountable for their investment decision.

The possible variations in corporate governance's perspective on financial decisions are investigated using this theory. This is crucial because the actions of various board members may have varying effects on investment decision made by managers that help an organization reach its goals.

2.3 Review of Related Studies

Fasasi (2024) examined effect of corporate governance attributes on financial decision of listed insurance firms in Nigeria between 2011 to 2021. Independent variables include managerial ownership, institutional ownership, board size, board gender diversity, independent non-executive director and board member financial expertise and dependent variable includes capital structure decision, dividend decision and investment decision. Secondary data were extracted from the annual report of listed insurance firms and data collected were analyse with panel regression. The result revealed that managerial ownership, institutional ownership and board gender diversity have insignificant negative effect on financial decision while board size, independent non-executive director and board member financial expertise have significant positive impact on financial decision of listed insurance firms in Nigeria

Agyei-Mensah (2021) looked at how board characteristics affected listed firms' corporate investment decisions on the Ghana Stock Exchange from 2014 to 2018. Selected listed companies' annual reports included secondary data, which was taken out and subjected to multiple regression analysis. The findings indicated that there was a substantial negative relationship between corporate investment and independent directors and board financial expertise. The study noted that the impact of board diversity on corporate investment has not been investigated and suggested that having a financial specialist on the board will decrease overinvestment. The current study considers ownership structure and board member competence as aspects of corporate governance.

The impact of corporate governance on listed banks in Nigeria's investment choices was investigated by Wisdom and Oyebisi (2019). The choice to invest is a dependent variable, while the size, makeup, and committee of the board are independent factors. Eight banks were picked from the research population, which included 15 deposit money institutions that were listed on the Nigerian Stock Exchange (NSE). Panel regression was utilized to evaluate the data that were taken from the annual reports of a certain bank between 2005 and 2015 for the study. The outcome demonstrates the existence of an audit committee, investment choices, board independence, size, and corporate governance. They come to the conclusion that improving Nigeria's corporate governance accounting standards will greatly increase investor trust and lead to wise investment choices. The present analysis incorporates ownership structure as a corporate governance trait, whereas the previous study concentrated just on Nigerian listed banks.

Sayema, Nohava, and Dalilawati (2018) investigated how governance, social, and environmental issues affected the investment choices made by Bangladeshi listed companies. Environmental, social, governance, and saving purpose challenges are examples of dependent variables. Using a descriptive survey

approach, the study included a sample of all Bangladeshi listed companies. A questionnaire was used to gather data, and structural equation modeling (SEM) was used to evaluate the results. The results demonstrate the beneficial effects of social, governance, environmental, and saving factors on investment decisions.

The impact of gender differences in Saudi investors' knowledge of corporate governance on their ability to make investment decisions was studied by Rima and Durga (2018). The study posed two questions and used a descriptive survey technique. Based on the data collected from the female investor, it can be inferred that most investors do not consistently use corporate governance-related information or variables to guide their investment decisions. While the present study concentrated on secondary data, the previous study concentrated on source data.

Basil and Ephraim (2017) investigated how corporate governance affected MENA nations that held cash. The study used a sample of 430 non-financial companies in the MENA area using an ex-post facto research approach. Between 2000 and 2009, secondary data was taken out of the sample firm's annual report, and regression analysis was used to examine the data. The findings indicate that while board independence has a favorable impact on cash holding, board size has a negative impact on cash holding.

Panayiotis et al. (2014) looked at the connection between financial management choices, corporate governance, and business success. Financial performance and subpar investment are dependent variables; board size, institutional ownership, insider ownership, block holders, board independence, and CEO duality are independent variables. The study used an ex-post factor research approach, and it included 273 firm-year observations from 46 businesses in its sample. Between 1999 and 2010, the sample firm's annual report contained secondary data that was taken out and subjected to panel regression analysis. Following the Husman test, a fixed effect model was employed to analyze the data. The results indicate a negative relationship between investment decisions and insider ownership, institutional ownership, block holders, board size, board independence, and CEO duality. Additionally, the outcome demonstrates a positive relationship between return on asset and insider ownership, institutional investors, and CEO duality; in contrast, a negative relationship exists between return on asset and block holders, board size, and CEO duality. Expertise of board members is considered a corporate governance attribute in this study.

Honore et al. (2015) looked at the possibility that corporate governance policies aimed at balancing the interests of managers and shareholders could have an impact on the amount of money European businesses spend on R&D. Research and development spending is the dependent variable, while corporate governance rating is the independent variable. 177 European businesses

engaged in research and development made up the study sample. Regression analysis was used to examine secondary data that was taken out of sample firms' annual reports. The findings indicate a negative correlation between European enterprises' research and development and restricted anti-takeover devices and voting rights, a financial performance-based management reward scheme, and a greater shareholder consensus at the annual general assembly. Furthermore, long-term investment in research and development may suffer from corporate governance procedures that are created to appease short-term financial market expectations.

The connection between family ownership and business investment policies was investigated by Anderson et al. (2012). Family ownership is the independent variable, while investment policy is the dependent variable. The study's population comprised the top 6,799 US companies, of which 2000 were selected for sampling. Secondary data was gathered from the annual reports of the selected companies from 2003 to 2007. Regression analysis was used to examine the data, and the findings indicate that family businesses invest less money in long-term projects than do businesses with more dispersed ownership structures. Furthermore, when breaking down long-term investment into its two parts—capital expenditure and research & development. According to the report, non-family businesses would rather invest in tangible assets than take on risky R&D initiatives. The outcome also suggests that company R&D and capital expenditures are impacted by family firm preferences for lower first-risk enterprises. Although the present analysis included ownership structure and board traits as corporate governance attributes, the previous study concentrated on family ownership.

3.0 Research Methodology

3.1 Research Design

An ex-post facto research design is adopted for this study because the data to be used are already in existence and the event has already taken place. The design will be used to ascertain the effect of the corporate governance attribute on the financial decisions of listed insurance firms in Nigeria. The choice of "ex-post facto" is because the data for these studies cannot be manipulated and are documented in an annual report.

3.2 Population, Sample and Sampling Technique

3.2.1 Population of the Study

The population of the study comprise all 22 listed insurance companies on the Nigerian Exchange Group (NGX), as at 31st December, 2021. Census data will be used to filter the listed insurance companies for the study. The criteria were

that the company must have been listed on the Nigerian exchange group (NGX) before 2011 and must remain listed until 2021. The reason is that the study intends to use only the companies that have complete data within the period of the study.

3.2.2 Sampling Frame

From the above population, the criteria for selecting sample size are that only insurance firms that have been listed before 2011 on the Nigeria Exchange Group (NGX) will be selected as sample for this study

3.2.3 Sample Size

Using the criteria in sample frame all the 22 listed insurance firms were listed on the Nigeria Exchange Group (NGX) before 2011 and all the 22 listed insurance firms is selected for this study as sample.

3.3 Methods of Data Collection

The study used secondary sources of data for the period from 2011 to 2021. The annual report of selected listed insurance companies was used because it is more reliable and easily assessable on the Nigerian Exchange Group (NGX). The eleven-year period was also chosen because the Financial Reporting Council of Nigeria (FRCN) made corporate governance attributes and compliance mandatory for disclosure in annual reports in 2011 and were applicable to all listed firms in Nigeria.

The data with respect to corporate governance attributes includes (managerial ownership, institutional ownership, board size, board gender diversity, board member financial expertise, and independent non- executive directors) and dependent variable investment decision were extracted from the annual reports of listed insurance companies in Nigeria. The annual report was retrieved from [www. Africanfinancial.com](http://www.Africanfinancial.com)

3.4 Variable Measurement

Table 3.1 Variable Measurement

Dependent variables	Measurement	Sources
Investment decision	Increase in property, plant and equipment within 2 years	Wisdom and Oyebisi (2019)
Independent variable		
Managerial Ownership	Percentage of shares held by management of firm	Mohammad et al.,(2018), Fasua et al., (2020)

Institutional Ownership	Percentage of shares held by institutional investors	Thomas & Thomas (2014), George and Tabitha (2018)
Independent Non-Executive Director	The Number of independent directors	Kunle (2013), Odeleye (2018) and Hussain et al., (2020)
Board Size	The number of directors on the board	Muhammed, Salman, Sarra & Muzafar (2018) and Musa (2016)
Board Gender Diversity	The number of female directors to total number of directors	Damilola et al., (2019) and Emma et al., (2019)
Board Member Expertise	The total number of directors with specialization in accounting, finance and business on the board	Guner et al., (2008) Benjamin et al., (2021) Nauman and Qaiser (2019)

Source: Researcher’s Field Work, 2024

3.5 model specification

The model specification for this study is as follows

$$INVD_{it} = \beta_0 + \beta_1 MOWN_{it} + \beta_2 INST_{it} + \beta_3 INED_{it} + \beta_4 BZ + \beta_5 BGD_{it} + \beta_6 BMFE_{it} + \varepsilon_{it}$$

Where:

INVD = Investment Decision

MOWN = Managerial Ownership

INST = Institutional Ownership

BZ = Board Size

INED = Independent Non-Executive Director

BGD = Board Gender Diversity

BMFE = Board Member Financial Expertise

3.5 Method of Data Analysis

Data collected for this study is subject to diagnosis test such as multicollinearity test using variance inflation factor (VIF) and heteroskedastic test. Also, descriptive statistic and correlation matrix was carried out. A panel regression was carried out choosing between random effect model and fixed effect model through Hausman test.

4.0 Data Presentation and Analysis

4.1 Descriptive Statistic

Descriptive statistics is described as summary of statistic that provide summary of sample and observation of data extracted. In this section descriptive statistic contains the properties of variables ranging from the mean of each variable, minimum, maximum and standard deviation. The summary of descriptive statistics of the variables are presented in table 4.1.

Table 4.1: Descriptive Statistics

Variable	Obs	Mean	Standard deviation	minimum	Maximum
INVD	242	0.09	0.118	0	0.84
INST	242	0.49	0.228	0.02	0.98
MONW	242	0.08	0.110	0.01	0.72
INED	242	1.48	0.532	1	3
BGD	242	0.14	0.127	0	0.9
BMFE	242	4.31	1.516	2	8
BZ	242	9.30	2.286	4	17

Source: STATA version 15 output

According to a descriptive statistic, the average mean of an investment decision (INVD) is 0.88, with a maximum of 0.84 and a minimum of 0. This suggests that listed insurance companies in Nigeria make an average of 88% of their total investment in real estate, with a maximum commitment of 84%. Additionally, the descriptive revealed a standard deviation of 0.118.

According to table 4.1's descriptive statistic, institutional ownership (INST) has an average mean of 0.49, with a maximum of 0.98 and a minimum of 0.02. This suggests that institutional ownership controls a sizable amount of the shares held in some listed insurance businesses in Nigeria, with an average shareholding of 49% and a maximum shareholding of 98%. In Nigerian listed

insurance companies, institutional owners must own a minimum of 2% of the shares. The outcome further displays a 0.228 standard deviation.

Additionally, descriptive data revealed that the average mean of managerial ownership (MOWN) ranges from a minimum of 0.01 to a high of 0.72. This indicates that management of the insurance companies control some of the listed insurance firms in Nigeria, with an average shareholding of 8% and a maximum shareholding of 72%. The management ownership minimum is one percent of the shares. The managerial ownership (MOWN) standard deviation is 0.110.

According to table 4.1's descriptive statistic, the average mean for an independent non-executive director (INED) is 1.48, with a maximum of 3 and a minimum of 1. This suggests that the average number of non-executive independent directors in a listed insurance company in Nigeria is two, with a maximum of three. The minimum number of non-executive independent directors is one, meaning that at least one independent director must be seated at the board level and participate in decision-making for listed insurance companies in Nigeria. The (INED) standard deviation is 0.532.

According to the results of the descriptive statistics, board gender diversity (BGD) has an average mean of 0.14, with a maximum of 0.9 and a minimum of 0. According to this data, the proportion of female directors on the boards of listed insurance companies in Nigeria is, on average, 14% of all directors, with a high of 90%. This suggests that there is a gender balance on the boards of certain listed insurance companies. Additionally, the minimum of 0 indicates that there are no female directors on the boards of directors of some listed insurance companies. The BGD standard deviation is 0.127.

The results of the descriptive statistics in Table 4.1 indicate that the average mean of board member financial expertise (BMFE) is 4.3, with a maximum of 8 and a low of 2. This indicates that listed insurance companies have an average of four non-executive directors with experience in accounting, finance, and business, with a maximum of eight directors having this background and a minimum of two directors having this background. 1.516 is the standard deviation.

Ultimately, the descriptive result reveals that the average mean of board size (BZ) is 9.3, with a maximum of 17 and a minimum of 4. This suggests that listed insurance companies in Nigeria have nine board members on average, a maximum of seventeen, and a minimum of four. The outcome indicated that the board size (BZ) standard deviation is 2.286.

4.2 Correlation Matrix

Table 4.2 correlation matrix

	biz	bme	bgd	ined	mown	inst	INVD
biz	1.0000						
bme	0.7629	1.0000					
bgd	0.0206	0.0312	1.0000				
ined	0.2092	0.1589	0.1289	1.0000			
mown	-0.0391	0.0805	0.0100	-0.0736	1.0000		
inst	0.2380	0.1623	0.0565	0.0605	-0.3872	1.0000	
INVD	-0.0034	0.0070	0.0375	0.0476	0.0195	-0.0769	1.0000

STATA 15VERSION

The correlation matrix shows that investment decision(INVD) has a positive relation with board member expertise(bme) at a coefficient of 0.7629, board gender diversity(bg) at a coefficient of (0.0206), independent non-executive director(ined) at a coefficient of (0.2092) and institutional ownership(inst) at a coefficient of (0.2380). Also, investment decision has a negative relation with managerial ownership(mown) at a coefficient of -0.0391 and board size at a coefficient of -0.0034.

4.3 Multicollinearity Test

Multicollinearity test was carried out to test the presence of collinearity among the explanatory variables and variance inflation factor was used to carry out the test. The rule of thumb is that if the variance inflation factor(VIF) exceed 10, there is present of multicollinearity which can affect the result of the regression.

Table 4.3 variance inflation factor (VIF)

VARIABLE	VIF	TOLERANCE
BIZ	2.54	0.394264
BMFE	2.47	0.404910
INST	1.26	0.795609
MOWN	1.22	0.816755
INED	1.07	0.935627
BGD	1.02	0.978494
MEAN VIF	1.60	

Sources: Researcher's Computation, 2023

For every explanatory variable, including board size (BIZ) 2.54, board member expertise financial (BMFE) 2.47, institutional ownership (INST) 1.26, managerial ownership (MOWN) 1.22, independent non-executive director (INED) and board gender diversity (BGD) 1.02, Table 4.3 displayed the variance inflation factor (VIF) result. The outcome suggests that there is no multicollinearity present in the explanatory factors and that none of the explanatory variables has a VIF larger than 10.

4.2.2.3 Heteroskedasticity Test

The heteroskedacity test is used to determine whether the residuals' variance is uneven across a range of observed values. To find out if there is a heteroskedacity issue in this study, the breush-pagan/cook-weisberg test is used

Table 4.4: Breush-Pagan/Cook-Weisberg Test

Variables	DIVD	CSTRD	INVD	FD
Chi2(1)	0.60	8.74	2.28	5.73
Prob>chi2	0.4395	0.0831	0.1311	0.0667

Source: STATA version 15 output

The results of the breush-pagan/cook-weisberg test for heteroskedacity were displayed in Table 4.4. Because the null hypothesis for each variable is not rejected, as the result indicates, the probability value for each variable showed that there is no heteroskedacity test.

4.5 Regression Analysis

Table 4.7 Panel Regression Result(fixed effect model)

Model: $INVD_{it} = \beta_0 + \beta_1 MOWN_{it} + \beta_2 INST_{it} + \beta_3 INED_{it} + \beta_4 BZ_{it} + \beta_5 BGD_{it} + \beta_6 BME_{it} + \varepsilon$

Dependent Variable: INVD(Investment Decision)

Number of Companies: 22

Number of years: 11years

Number of observation: 240

VARIABLE	COEFFICIENT	STANDARD ERROR	T-VALUE	PROBABILITY
MOWN	0.0084748	0.0076183	-1.11	0.267
INST	0.0010757	0.0049202	-0.22	0.827
INED	0.0028714	0.0011879	2.42	0.016
BIZ	0.005412	0.004814	1.12	0.001
BGD	0.0130353	0.0060572	2.15	0.083
BMFE	0.0003356	0.0007332	1.46	0.008
C	0.783175	0.0040195	19.48	0.000

Source: STATA version 15 output

Adjusted R-Square 0.3007

P-Value 0.0188

F- Statistic 2.60

HAUSMAN TEST 0.0000

Table 4.8 shows the result of corporate governance attribute and how they affect investment decision of listed insurance firms in Nigeria. From the result in table 4.8 above, the Hausman test statistic of 0.0002 implies that the correlation between the unobserved variables and the error term is significant, therefore the fixed effect model estimation is accepted. On the fixed effect panel estimation, the result shows that adjusted R-square of 0.3007 which implies that 30% variation in corporate governance attributes explains investment decision of listed insurance firms in Nigeria and F-statistic of 2.60 with P-value of 0.0188 implies that the hypothesis of a significant linear relationship between dependent variable and independent variables cannot be rejected at 5% level of significant.

The result shows that a unit increase in managerial ownership (MOWN) will lead to 0.0084 increase in investment decision of listed insurance firms and the result is statistically insignificant at 0.267. For institutional ownership, the result reveals that a unit increase in institutional owners (INST) will lead to -0.0010 decrease in investment decision of listed firms and the result is statistically insignificant at 0.827. The result further reveals that a unit increase in

independent non-executive directors(INED) will lead to 0.0028 increase in investment decision and the result is statistically significant at 0.016. The result also shows that a unit increase in board size(BIZ) will lead to 0.0005 increase in investment decision of listed insurance firms and the result is statistically significant at 0.001. For board gender diversity, the result shows that a unit increase in board gender diversity (BGD) will lead to 0.0130 increase in investment decision of listed insurance firms and the result is statistically insignificant at 0.083. Finally, the result reveals that a unit increase in board member financial expertise(BMFE) will lead to 0.0003 increase in investment decision of listed insurance firms and the result is statistically significant at 0.008.

4.6 Discussion of Findings

The result shows that an increase in managerial ownership will leads to increase in investment decision of listed insurance firms in Nigeria but insignificant. Also, the result shows that an increase in institutional ownership will lead to increase in investment decision of listed insurance firms in Nigeria. This result is consistence with the earlier findings of Albert and Appiah (2014) and this is consistence with stewardship theory.

In addition, the result shows that Board size has positive effect investment decision of listed insurance firms in Nigeria and Board member financial expertise have positive effect on capital structure decision. This simply means a unit increase in board size leads to increase in investment decision and increase in board member financial expertise leads to a unit increase in investment decision of listed insurance firms in Nigeria. This result is consistence with the earlier findings of Wisdom and Oyebisi (2019) and this result is consistence with stewardship theory.

The result shows that board gender diversity has positive effect on investment decision but insignificant. This implies that a unit increase in board gender diversity leads to increase investment decision of listed insurance firm and this result is consistence with (2014) and Aqyei-Mensah(2021). Independent Non-executive director has positive effect on investment decision of listed insurance firms in Nigeria but insignificant. This result is consistence with earlier findings of Wisdom and Oyebisi(2019) . The result of p-value shows that corporate governance attributes have significant positive effect on investment decision of listed insurance firms Nigeria firms in Nigeria.

5.0 Conclusions and Recommendation

The findings of the study independent non-executive director (INED), board size (BIZ) and board member financial expertise (BMFE) are significantly

related to investment decision of listed insurance firms in Nigeria and based on this finding it is concluded that these corporate governance attributes significantly influence listed insurance firms in Nigeria.

Therefore, it is recommended that FRC Nigeria should increase board size, independent non-executive directors and board member financial expertise through the Nigeria code of corporate governance (NCCG) of listed insurance firms in Nigeria as these corporate governance attributes are very important in contributing to investment decision.

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