International Journal of Innovative Research and Advanced Studies (IJIRAS)
Volume 9 Issue 4, April 2022

ISSN: 2394-4404

The Effect Of Corporate Governance Practices On Life Insurance Penetration In Nigeria

Moses O. Anuolam (Ph.D)

Admiralty University of Nigeria, Faculty of Art, Management & social Science, Department of Accounting, Business Administration and Economics

Ajagu C.Y

SBS SWISS Business School, Faculty of SBS SWISS Business School

***Abstract:** Despite the important of corporate governance practices in any business organization like insurance company and its effects on organization performance, low penetration of life insurance companies still persists. This is due to the issues bothering on corporate governance practices. The objective of this study is to examine the effect of corporate governance practices on life insurance penetration in Nigeria. This study employs survey research design to collect the primary data on the subject matter. The study population sample was taken from ten selected insurance companies in Lagos which comprises about 350 respondents. The data collected for this study was analyzed using series of statistical technique ranging from chi-square, multiple regression, generalized linear model and robust estimation. Findings of the study reveals that corporate governance practices have positive and statistically significant effect on life insurance penetration. Therefore, this study recommends as follows; that National Insurance Commission should ensure that all insurance industries address issues bothering on corporate governance practices seriously in order to boost the organization performance and total confident on the insurance company.*

***Keywords:** Corporate Governance Practices, Organization Performance, Low Penetration, Life Insurance, Robust Estimation.*

I. INTRODUCTION

There are no generally acceptable elements of corporate governance practices (CGP) globally due to economic, legal, political, and cultural disparity in different countries. However, commonly CGP demand international best practices in ethics and values as it concerns activities of corporate organizations. It is a set of principles or norms that are related to the internal management of companies (Ngatno, Apriatni, & Youlianto, 2021). The implementation of CGP seeks to address deficiencies in the corporate legal system of business management, ownership models or stakeholder rights (Moreno-Gómez, 2017). CG encompasses the management, legislation, and administration of a corporate entity's resources and assets in order to ensure that shareholders' value and satisfaction are met (Omolade & Tony, 2014; Rana & Chhikara, 2018).

However, CGP is expected to affect the entire well-being of any business organization, insurance company is not excluded (Elegunde, Ajemunigbohun, & Azeez, 2020). This is because CGP are policy framework that guides management of any business organization to operate its business within the achievable standard goal and acceptable principles focusing on organization performance. In the context of insurance company, it is expected that the practices of corporate governance will help the management to operate within the policy framework that is in line with code of conduct of insurance company. It will equally help the insurance industry to grow in the sense that stakeholders, management staffs and board of directors will be working together harmoniously. Subsequently, this will boost the trust of people buying life insurance which will lead to the increase in insurance penetration.

More so, marketing strategy in line with CG in insurance companies also has effect on life insurance penetration. This is

because marketing strategy in insurance business is targeting at creating awareness about insurance packages including life insurance and subsequently, leads to increase in life insurance penetration. Prymostka (2018) asserts that marketing strategy has become an effective tool in improving the penetration of insurance business particularly life insurance package in this digital age. In no doubt effective marketing strategy will help in the retention of existing customers and recruitment of new ones. This would help the insurance companies to achieve their set goals and objectives. Magunga (2018) concluded that marketing strategy in insurance companies enhances the performance of insurance companies through strategic understanding of the market environment, improved customer relation, enhanced market position, and subsequently, contribute to development of the nation. Insurance penetration is used as an indicator of insurance sector development within a country and is calculated as the ratio of total insurance premiums to gross domestic product in a given year. The number of insurance subscribers in a country determines it's level of penetration. According to the Times Economics (2021) penetration rate indicates the level of development of insurance sector in a country. Penetration rate is measured as the ratio of premium underwritten in a particular year to the GDP. Within insurance, there is life insurance penetration which considers premiums from life insurance policies only as a percentage of GDP and non-life insurance penetration which considers premium from other life insurance policies like auto insurance, health insurance, etc. According to Tyson (2015) life insurance in developing countries can accumulate 15% of the country's GDP if properly managed. However, several studies available in the literature (e.g. Elegunde, Ajemunigbohun & Azeez, 2020; Ebere, Ibanichuka, & Ogbonna, 2016; Machira, 2016) have examined how corporate governance affect the financial performance of insurance companies but none of these studies has examined the effect of CGP on life insurance penetration in South-West, Nigeria. It is against this background that this study attempts to examine the effects of corporate governance practices on life insurance penetration.

STATEMENT OF THE PROBLEM

It worth to mention that in developing countries, the penetration of insurance is adjudged to be low and their service is restricted to few well-off individuals in the society (Mohamed & Alhabshi, 2015). Life insurance penetration in Nigeria as at 2020 stood at only 0.5% (Ajemunigbohun et al., 2020). Despite the importance of corporate governance practices in insurance company and its effects on insurance penetration, low penetration of life insurance companies still persists. This is due to the issues bothering on corporate governance practices in relation to how management, employees, regulatory, organizational and sociocultural issue affect life insurance penetration in Nigeria. Therefore, the objective of this study is to examine the effect of corporate governance practices on life insurance penetration in Nigeria. In particular, this study seeks to answer the following research questions;

- ✓ What is the effect of CGP on life insurance penetration in Nigeria?
- ✓ What is the moderating effect of marketing strategies between CGP and life insurance penetration?

II. LITERATURE REVIEW

Corporate governance entails providing a solution to the eternal problem of conflict between shareholders and the management level of a company (CastriNon**,** 2021). According to Oluwasesan and Epetimehin (2020) corporate governance is a system by which organizations are managed and controlled. It targets transparency and accountability in an organization's processes with the aim of fulfilling responsibilities to shareholders, employees, consumers and the community where it resides. *Nitu and Kuldip (2018) posited that* **c**orporate governance is a system that control financial, managerial, legislative and other controls in a corporate body. According to Adeneye, (2016) corporate governance involves promoting fairness, openness, and transparency in its responsibilities to stakeholders. According to Organization for Economic Cooperation and Development (OECD, 2016) corporate governance is the system by which business corporations are directed and controlled. In sum, the concept of corporate governance is designed within the sphere of business ethics. It is the ethics that applied to any organizational field, which is related to human quality, in term of good behavior and their actions, within the scope of their work.

Insurance conceptually, according to Yensu, Osei and Atuilik (2017) is defined a contractual relationship between two parties in which one party, the insurer or insurers, are paid a premium by the other party, the insured. Business of insurance is a contract that happens between two or more persons or parties (insurer and insured) in which the insurer promises to indemnify or compensate the insured in the case of loss. It is a method of guiding against financial loss and it is a type of risk management strategy that is mostly utilized against the risk of uncertainties and contingencies (Ebere, Ibanichuka & Ogbonna, 2016). According to Onashile (2011) insurance is defined as an agreed commitment of compensation for specific potential future losses in exchange for a periodic payment.

Theoretically, the agency theory is appropriate in explaining the effect of corporate governance practices on life insurance penetration. Agency theory explains the contractual relationship between two parties.

AGENCY THEORY

Agency Theory proponents are Stephen Ross and Barry Mitnick (1973) extended by Jensen and Meckling (1976). The origin of the economic agency theory could be traced to Ross, while, institutional agency theory is propagated by Mitnick. Agency theories are characterized by the conflict of interest between principal (owners) and agents (managers), known as an "agency problem". The relationship arises whenever the principal gives control and/or decision making authority to the agent (Zeckhauser and Pratt 1985). The core idea of agency theory is to explain the relationship between agent and principal agreement which is based on the delegation of duty

IJIRAS

to the agent by the principal. The principal who is the owner of business or the task to be performed assign an agent to work and carry out business on his behalf. However, both principal and agent have a goal to achieve which drive their motive. Agency theory as further developed by Jensen and Meckling (1976) centered on how the governance of a company is based on the conflicts of interest between the company's owners (shareholders), its managers and major providers of debt finance. Each of these groups has different interests and objectives. The theory discussions centered on how the principal can control the divergences with respect to his involvement by establishing appropriate incentives for the agent. They put forward that agency problems can be controlled through decision systems (decision processes) which separate management decisions (implementation and application) and control decisions (ratification and monitoring) at all organizational levels. The system approach of Jensen and Meckling (1976) first considered the company as a link between contracts, company and the entire group of resource contributors (the input team), more so, their limited objective of explaining the capital structure which led them to build a more simplified model taking into account only two agency relationships. In this first strand, manager is linked to the shareholders, in the second strand, linked the company (represented by the administrators and shareholders) to the financial creditors. This is the initial modeling, which gave priority to the analysis of the relationship between the manager-entrepreneur who opens his capital and the new shareholders who played the role of principal and the administrator the agent, whose approach to the shareholder still dominates the research and normative reflections in the actuality.

This theory provides bases for understanding and explaining the phenomena of corporate governance, particularly the agency-principle problems of conflicts between external investors and managers and the expropriation of minority shareholders by controlling shareholders. The main contributions of agency theory revolves round the thinking about and reforming corporate governance ideas of risk, uncertainty of results, incentives and information systems. The agency theory helps corporate governance on issues bothering on continuous growth, this is because it frequently tries to explain real events that occur in the world.

Furthermore, according to Jensen and Meckling (1976) agency theory represents one of the most serious attempts to formulate a general theory of the firm in the framework of social relations. Agency relationship had been defined as a contract under which one or more people ("principal") hire another person ("agent") to perform some service for the benefit of the principal, which means delegating authority over to the agent. The approach that supports this theory is associated with the so-called agency costs: the “agents”, directors or managers of the companies, may be tempted to act for their own benefit and make management decisions driven by their own interests. This theory is relevant to this study in the sense that insurance company is an agent who acts on behalf of another person, (client or insurer) that is the principal, in dealing with other people. The insurance company acts on behalf of the principal (insurer), and commits the principal to agreements and transactions.

There are several kinds of related empirical literatures on corporate governance with little or no attention to life insurance penetration in Nigeria. For instance; Elegunde, Ajemunigbohun, and Azeez (2020) *examined the effect of corporate governance practices on financial performance of insurance companies in Nigeria. The study employed survey research designs to understudy nine insurance firms. Findings of the study revealed that corporate governance practices have significant effect on the financial performance proxy by profitability.* Oluwasesan & Epetimehin (2020) investigate the nexus between corporate governance and enterprise risk management of Nigerian insurance industry. The study used descriptive cross-sectional survey design. The results revealed the internal control system significantly influences ERM practices in Nigeria insurance companies and more so, there is a significant relationship between organisation transparency and ERM practices in Nigerian non-life insurance while, board independence does not significantly affect ERM practices in Nigeria insurance companies.

Nitu and Kuldip (2018) examine the implication of corporate governance on the corporate social responsibilities of the life insurance companies in India. The data collected was analysed using multiple regression technique. Findings of the study revealed that the active and independent board does not affect the corporate social responsibility of the life insurance companies, but the total directors and the age of the life insurance companies was found to be significant. However, finding of the study may not be applicable to Nigeria due to country differences in culture and governance. Meanwhile, the study is totally not the same with this present study which is to investigate the *effect of corporate governance practices using variables such as management issue, employment issue, regulatory issue, organization issue as well as sociacultural issue on life insurance penetration in Nigeria.*

Yensu, Osei and Atuilik (2017) examined the link between internal corporate governance structures and the performance of insurance companies in Kumasi Metropolis. The study employed a survey approach Finding of the study revealed that internal corporate governance has positive effect on performance of insurance companies in Kumasi Metropolis.

Ebere, Ibanichuka & Ogbonna (2016) investigate the relationship among corporate governance system in terms of board size, board composition, earnings per share (EPS) and Return on Assets (ROA) of the quoted insurance companies in Nigeria between the period of 2008 and 2015. The study analyzed the data using Pearson Correlation and Multiple regression analyses. The study finding indicated that board size have a positive and statistically significant relationship with Return on asset and Earnings per share (EPS). Furthermore, the study result showed that there was a positive and statistically significant relationship with board size and earnings per share. More so, finding of the study revealed that board size and board composition contribute significantly to the financial performance of insurance companies in Nigeria.

IJIRAS

III. RESEARCH METHODOLOGY

This study employs a descriptive research design. It is a non-experimental research design that collects large amounts of survey data from a representative sample from insurance companies located in Lagos state South-West region of Nigeria. Mixed-method methodology was adopted by combining both qualitative and quantitative data. Thereafter, both data were integrated for better result. Purposive sampling, also known as judgmental, selective, or subjective sampling was employed. Both quantitative and qualitative data sourced were triangulated and analyzed with Generalized Linear Model (GLM), Multiple regression and Factor analysis with the aids of Statistical Package for Social Science (SPSS) version 23 for better research results. However, due to large population of these group a sample representation was employed for the study using sample size determination formula adopted from Longuet, Patrick (2013) as cited by Méndez-Suárez, (2013) stated as follows;

n= (z^2)*p (1 - p) / e ^ 2

where; n is the size of your sample; p = proportion you study; 1 - p = opposite; and, e : precision needed ranges from 0.5%, 1% , 5% .... And so on.

Given, a confidence level of 95% which suggests 2.5% probability in each tail, the value of z = 1.96 and p = 50% (since the proportion of the target population is unknown, this study use the maximum error) a precision of e = 5%, confidence interval

Given; n=(z^2)*p (1 - p) / e ^ 2 substitute the value of z, p and e into the formula, thus,

n = (1.96^2)*(0.5*(1-0.5)/0.05^2) = 384.16 Therefore, the targeted population sample is 384 respondents.

MODEL SPECIFICATION

To investigate the nexus between corporate governance practices and life insurance penetration as well as examine the effect of corporate governance practices on life insurance penetration in Lagos States South-West, Nigeria. This study employed statistical technique which include; Chi-Square technique and Multiple Regression. The model specification of this study is as follows;

CHI-SQUARE MODEL SPECIFICATION

$X^2 = (O - E)^2 / E$ …………………………………… 3.1

E = total of $colum_1$ x total of a row_1 divided by Grand total of colum

Where; O = observe number and E = expected number

MULTIPLE REGRESSION MODEL SPECIFICATION

LIP = f (CGP)……………………………………... 3.2

Where; CGP = MGI, EMI, RGI, OGI, SCI and MKS

Thus, LIP = f (MGI, EMI, RGI, OGI, SCI, MKS) ….3.3

$LIP = b_0 + b_1MGI_1 + b_2EMI_2 + b_3RGI_3 + b_4OGI_4 + b_5SCI_5 + b_6MKS_6$ …….3.4

$LIP = b_0 + b_1MGI_1 + b_2EMI_2 + b_3RGI_3 + b_4OGI_4 + b_5SCI_5 + b_6MKS_6 + u$ ………3.5

IV. RESULT AND DISCUSSION

This study investigates the effect of corporate governance practices on life insurance penetration in Nigeria. This study was conducted in Lagos state in the corporate head offices of ten selected insurance companies who deals with life insurance packages. Corporate governance practices components understudy include management issue (MGI), employment issue (EMI), regulatory issue (RGI), organization issue (OGI) and marketing issue (MKS).

Three (3) managers each from ten (10) selected insurance company were interviewed at different time in different location to provide useful information on the Effect of Corporate Governance Practices on Life Insurance Penetration in Nigeria. The research questions asked is whether the company involves in Corporate Governance practices and whether Corporate Governance Practices has any effect on Life Insurance Penetration in Nigeria and to what extent if you are to rate it on four likert-scale?.

EXPLORATORY ANALYSIS

Responses	Ranking	Frequency	Percent
Very Little Extent	1.00	3	10.0
Little Extent	2.00	5	16.7
Great Extent	3.00	10	33.3
Very Great Extent	4.00	12	40.0
Total	10	30	100.0

Source: Researcher Computation Using SPSS version 23

Table 1: The effect of CGP on Business Performance

The table 1 result presents the exploratory analysis from the observation of 30 respondents interviewed at the preliminary stage of this study on the effect of CGP on life insurance penetration. The result shows that out of the total population of 30 interviewed. 12 persons among the population represent 40% said that to a very great extent corporate governance practices has effect on their business performance including life insurance penetration in Nigeria. Followed 10 respondents which represent 33.3% said that to great extent corporate governance practices has effect on their business performance including life insurance penetration in Nigeria. On the contrary, 5 and 3 respondents represent 16.7% and 10% respectively said that to little extent and very little extent respectively corporate governance practices has effect on their business performance including life insurance penetration in Nigeria. The foregoing result show that corporate governance practices has effect on life insurance penetration

EXPLANATORY ANALYSIS

Explanatory analysis research which is usually conducted after exploratory research was conducted Explanatory research analyzes specific problems and explains the patterns of relationships between variables. The explanatory analysis was based on the returned field survey questionnaire of 350 out of 384 respondents that participated in the study.

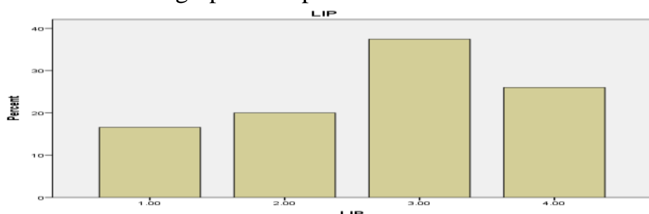
ISSN: 2394-4404

	Responses	Ordinal Scale	Mean of the scale	Frequency	Percent	Weighted	Weighted Mean
Valid	Very Little Extent	1.00	10/4 = 2.5	58	16.6	58	955/350 = 2.73
	Little Extent	2.00		70	20.0	140	
	Great Extent	3.00		131	37.4	393	
	Very Great Extent	4.00		91	26.0	364	
	Total	10.00		350	100.0	955	

Source: Researcher Computation 2021 Using SPSS version 23

Table 2: The effect of Corporate Governance Practices on Life Insurance Penetration

Table 2 results show that 58 respondents representing approximately 17 percent said to very little extent corporate governance practices has effect on life insurance penetration. 70 respondents representing 20 percent said that to a little extent corporate governance practices has effect on life insurance penetration. More so, 131 respondents representing 37 percent said that to a great extent corporate governance practices has effect on life insurance penetration. And, lastly, 91 respondents representing 26 percent said that to a very great extent corporate governance practices has effect on life insurance penetration. However, on the four likert scale, the mean of the scale is 10/4 = 2.5. The weighted mean is 955/350 = 2.7. This result suggest that on the overall the majority of the respondents sampled agreed that corporate governance practices has effect on life insurance penetration. Below figure 2 is the bar-chart graphical representation.



Source: Researcher Computation 2021 Using SPSS version 23

Figure 2: Corporate Governance Practice on Life Insurance Penetration

The figure 2 presents the bar-chart of the respondents' frequencies on the effect corporate governance practices has on life insurance penetration. The results show that the respondents on ranking of 3 representing 37 percent have the highest frequency of 131, follows, ranking of 4 with frequency of 91 representing 26 percent. Next is the ranking of 2 with frequency of 70 representing 20 percent and lastly, ranking of 1 with frequency of 58 representing 17 percent.

Furthermore, explanatory analysis on the effect of management and employee issues on CGP, are reported as follows;

	Responses	Ordinal Scale	Mean of the scale	Frequency	Percent	Weighted	Weighted Mean
Valid	Very Little Extent	1.00	10/4 = 2.5	0	0.0	0	1142/350 = 2.73
	Little Extent	2.00		29	8.3	58	
	Great Extent	3.00		200	57.1	600	
	Very Great Extent	4.00		121	34.6	484	
	Total	10.00		350	100.0	955	

Source: Researcher Computation 2021 Using SPSS version 23

Table 3: The effect of CGP Management Issue on Life Insurance Penetration

Table 3 results show that 29 respondents representing 8 percent said that to a little extent management issue concerning corporate governance practices has effect on life insurance penetration. 200 respondents representing 57 percent said that to a great extent management issue in relation to corporate governance practices has effect on life insurance penetration. And, 121 respondents representing 35 percent said that to a very great extent management issue in relation to corporate governance practices has effect on life insurance penetration. However, on the four likert scale, the mean of the scale is 10/4 = 2.5. The weighted mean is 1142/350 = 3.3 This result suggest that on the overall the majority of the respondents sampled agreed that management issue in relation to corporate governance practices has effect on life insurance penetration.

Responses	Ordinal Scale	Mean of the scale	Frequency	Percent	Weighted	Weighted Mean
Very Little Extent	1.00	10/4 = 2.5	0	0.0	0	1208/350 = 3.5
Little Extent	2.00		10	2.9	20	
Great Extent	3.00		172	49.1	516	
Very Great Extent	4.00		168	48.0	672	
Total	10.00		350	100.0	1208	

Source: Researcher Computation 2021 Using SPSS version 23

Table 4: The effect of CGP Employment Issue on Life Insurance Penetration

Table 4 results show that 10 respondents representing 3 percent said that to a little extent employment issue of the corporate governance practices has effect on life insurance penetration. 172 respondents representing 49 percent said that to a great extent employment issue in term of corporate governance practices has effect on life insurance penetration. And, 168 respondents representing 48 percent said that to a very great extent employment issue in relation to corporate governance practices has effect on life insurance penetration. However, on the four likert scale, the mean of the scale is 10/4 = 2.5. The weighted mean is 1208/350 = 3.5 This result suggest that on the overall the majority of the respondents sampled agreed that employment issue concerning corporate governance practices has effect on life insurance penetration.

Responses	Ordinal Scale	Mean of the scale	Frequency	Percent	Weighted	Weighted Mean
Very Little Extent	1.00	10/4 = 2.5	0	0.0	0	1256/350 = 3.6
Little Extent	2.00		0	0.0	0	
Great Extent	3.00		144	41.1	432	
Very Great Extent	4.00		206	58.9	842	
Total	10.00		350	100.0	1256	

Source: Researcher Computation 2021 Using SPSS version 23

Table 5: The effect of marketing strategy between corporate governance practices and Life Insurance Penetration

Table 5 results show that 144 respondents representing 41 percent said that to a great extent marketing strategy has moderating effect on corporate governance practices and life insurance penetration, while, 206 respondents representing 59 percent said that to a very great extent marketing strategy has moderating effect on corporate governance practices and life insurance penetration. However, on the four likert scale, the mean of the scale is 10/4 = 2.5. The weighted mean is 1256/350 = 3.6 This result suggest that on the overall the majority of the respondents sampled agreed that marketing

ISSN: 2394-4404

strategy has moderating effect on corporate governance practices and life insurance penetration.

CONFIRMATORY ANALYSIS

Confirmatory analysis is the part of the research that evaluates empirical data by using inferential statistical tools such as significance, inference, and confidence. More so, according to Statistics Solutions (2013) confirmatory analysis is used to test the pre-specified relationship. Therefore, confirmatory analysis method employed in this study is chi-square technique to test the relationship between corporate governance practices and life insurance penetration as reported in tables 6 as follows;

CHI-SQUARE TECHNIQUE

NPar Tests Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
CGP	350	.8886	.31511	.00	1.00
LIP	350	2.7286	1.02576	1.00	4.00

Source: Researcher Computation 2021 Using SPSS version 23
Table 6a

Table 6a present the NPar test descriptive statistics between corporate governance practices (CGP) and life insurance penetration (LIP). The number of observation (N) is 350. The mean of CGP and LIP respectively are .888 and 2.7286 with standard deviation of .31511 and 1.02576 respectively. The minimum and maximum responses for CGP range from 0 to 1 while for the LIP ranges from 1 to 4. The next report is Chi-square test frequencies result in table 6b and 6c as follow;

Corporate Governance Practices

Responses	Ranking	Observed N	Expected N	Residual
'No'	0.00	39	175.0	-136.0
'Yes'	1.00	311	175.0	136.0
Total		350		

Source: Researcher Computation 2021 Using SPSS version 23
Table 6b

Table 6b result show that the expected numbers of the responses for both responses either yes or no is 175, however, the observed numbers of those responses of no is 39 with residual of -136 while the observed numbers of those responses of yes is 311 with residual of 136. In the same manner, the table 4.13c reported as follows;

Life Insurance Penetration

Responses	Ranking	Observed N	Expected N	Residual
Very Little Extent	1.00	58	87.5	-29.5
Little Extent	2.00	70	87.5	-17.5
Great Extent	3.00	131	87.5	43.5
Very Great Extent	4.00	91	87.5	3.5
Total		350		

Source: Researcher Computation 2021 Using SPSS version 23
Table 6c

Table 6c result show that the expected numbers of the responses for all the four point likert scale ranges from1 to 4 is 87.5, however, the observed numbers of the responses of 1, 2, 3 and 4 are 58, 70, 131 and 91 respectively with residual of -29.5, -17.5, 43.5 and 3.5 respectively. In addition the chi-square statistic for combine table is reported table 6d as follows;

Chi-Square Test Statistics

	CGP	LIP
Chi-Square	211.383	35.211
Degree of freedom	1	3
Asymptotic. Significant.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 175.0.
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 87.5.
Source: Researcher Computation 2021 Using SPSS version 23
Table 6d

Table 6d result shows that chi-square of CGP is 211.383 with degree of freedom 1 and asymptotic significant of 0.000 while, chi-square of LIP is 35.211 with degree of freedom 3 and asymptotic significant of 0.000. With asymptotic significant of 0.000 which is less than 0.05 that is, 95 percent confidence level, following the rule of thumb the decision to reject null hypothesis is based on chi-square asymptotic significant value. If calculated chi-square asymptotic significant value is less than 0.05 level of significant, then, null hypothesis will be rejected otherwise, it will be accepted. Therefore, based on asymptotic significant value of 0.000 which is less than 0.05 this study can conclude that at 95 percent level of confident corporate governance practices has statistically significant relationship with life insurance penetration. Thus, the null hypothesis which stated that corporate governance practices has no significant relationship with life insurance penetration is been rejected. Alternative hypothesis which stated otherwise is accepted.

MULTIPLE REGRESSION RESULT

The dependent variable in this study is life insurance penetration (LIP) while, the independent variables include management issue (MGI), employment issue (EMI), regulatory issue (RGI), organization issue (OGI), sociocultural issue (SCI) and marketing strategy (MKS). The results of the regression are presented in tables as follows;

Multiple Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.941[a]	.886	.884	.35003

a. Predictors: (Constant), MKI, SCI, OGI, RGI, EMI, MGI
Source: Researcher Computation 2021 Using SPSS version 23
Table 7a

Table 7a presents summary of the multiple regression model which provides the result of *R*, R^2, adjusted R^2, and the standard error of the estimate, which is used to determine how well a regression model, fits the data: The value of *R,* is the *multiple correlation coefficient which is used* to measure the quality of the prediction of the dependent variable; A value of 0.941, in this study, indicates a good level of prediction. The R^2 value also called the coefficient of determination is the proportion of variance in the dependent

IJIRAS

variable that is explained by the independent variables (technically, it is the proportion of variation accounted for by the regression model above and beyond the mean model). The R^2 value is 0.886 represent 88.6% suggesting variability in the dependent variable as a result of change in the independent variables. In other words, the study independent variables explain approximately 87% variability of the dependent variable. The next table 7b presents the goodness of the fit model ANOVA

Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	325.191	6	54.198	442.371	.000[b]
	Residual	42.024	343	.123		
	Total	367.214	349			

a. Dependent Variable: LIP
b. Predictors: (Constant), MKS, SCI, OGI, RGI, EMI, MGI
Source: Researcher Computation 2021 Using SPSS version 23
Table 7b

Table 7b result show that the overall model estimation. The F-ratio statistic tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable at 5% level of significance, $F(6, 343) = 442.371, p < .0005$ (i.e., the regression model is a good fit of the data). Next output is follow by the coefficient of the multiple regressions table 7c.

Coefficient of the Multiple Regressions

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2.580	.507		-5.086	.000
MGI	.223	.066	.131	3.370	.001
EMI	.152	.069	.082	2.211	.028
RGI	.493	.041	.323	11.937	.000
OGI	-.006	.036	-.004	-.161	.873
SCI	.996	.055	.438	18.118	.000
MKS	-.323	.080	-.155	-4.030	.000

a. Dependent Variable: LIP
Source: Researcher Computation 2021 Using SPSS version 23
Table 7c

Mathematically; the model estimation is

$$LIP = b_0 + b_1MGI_1 + b_2EMI_2 + b_3RGI_3 + b_4OGI_4 + b_5SCI_5 + b_6MKS_6$$

$$LIP = -2.580 + .223b_1 + .152b_2 + .493b_3 + -.006\ b_4 + .996b_5 + -.323b_6$$

t = [-5.086] [3.370] [2.211] [11.937] [-.161] [18.118] [-4.030]

Sig = (.000) (.001) (.028) (.000) (.873) (.000) (.000)

The result in table 7c presents the coefficient of the multiple regressions. Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. Taken the calculated t-values and significant values into consideration, the result revealed that at 5% level of significance all the explanatory variables in the study model namely; management issue (MGI), employment issue (EMI), regulation issue (RGI), sociocultural issue (SCI) and marketing strategy (MKS) exception organization issue (OGI) were all statistically significant. More so, exception of organization issue (OGI) and marketing strategy (MKS) that are negatively sign all the aforementioned variables were positively related with the dependent variable - life insurance penetration (LIP). This implies that they both move in the same direction which suggests that an increase in one causes increase in the other. However, for both OGI and MKS the sign of negative indicate that they are not moving in the same direction with LIP.

In term of magnitude, this results further suggests that one percent increase in addressing MGI leads to .223 or 22% increase in life insurance penetration. Similarly, one percent increase in addressing EMI result to .152 or 15% increase in life insurance penetration. Furthermore, one percent increase in addressing RGI leads to .493 or 49% increase in life insurance penetration. In addition, one percent increase in addressing SCI result to .996 or 100% increase in life insurance penetration. Moreover, one percent increase in OGI result to -.006 or -0.6% decrease in life insurance penetration. In the same manner, one percent increase in MKS result to -.323 or -32% decrease in life insurance penetration. In summary, a multiple regression was run to predict the life insurance penetration (LIP) from corporate governance practices (CGP) vis-a-vis; management issue (MGI), employment issue (EMI), regulation issue (RGI), organization issue (OGI), sociocultural issue (SCI) and marketing strategy (MKS). These variables statistically significantly predicted LIP, $F(6, 343) = 442.371, p < .0005, R^2 = 0.886$ represent 88.6%. Exception of organization issue (OGI) all variables added statistically significant to the prediction, $p<.05$.

V. CONCLUSION AND RECOMMENDATION

This study examines the effect of CGP on life insurance penetration in Nigeria using both qualitative and quantitative data sourced from 350 respondents in field survey research conducted in Lagos South-West of Nigeria. The data collected was analyze with descriptive and inferential statistics mainly, frequency, percentage, weighted mean, chi-square and multiple regression. The major findings of this study is as follows; this study find out that first, corporate governance practices has positive and significant relationship with life insurance penetration.

Second, at 5% level of significance all the explanatory variables in the study model namely; management issue (MGI), employment issue (EMI), regulation issue (RGI), organization issue (OGI), sociocultural issue (SCI), and marketing strategy (MKS) were all statistically significant exception of. Third, all the explanatory variables understudy were positively related to the dependent variable indicating that they all moving in the same direction with the dependent variable - life insurance penetration (LIP). Fourth, finding of the study revealed that marketing strategy has moderating effects between corporate governance practices and life

insurance penetration. Therefore, this study recommends as follows; that National Insurance Commission should ensure that all insurance industries address issues bothering on corporate governance practices seriously in order to boost the organization performance and total confident on the insurance company.

REFERENCES

[1] Adeneye, O.A. (2016). Effect of Shell Corporate Social Responsibility on Youth Development in Rivers State, Nigeria. Journal of Economics and Development Studies 4(2),December 2016 published by the Department of Economics, Faculty of Social and Management Science, Kaduna state University, Kaduna, Nigeria.

[2] CastriNon, G.M.A. (2021).The concept of corporate governance. Revista Científica "Visión de Futuro, 25(2), 178-194, 2021.Universidad Nacional de Misiones. DOI:https://doi.org/10.36995/j.visiondefuturo.2021.25.02 R.005.en

[3] Ebere, C. C., Ibanichuka, E. A. L. I., & Ogbonna, G. (2016). Corporate Governance System and Financial Performance of Quoted Insurance Companies in Nigeria. International Journal of Business & Law Research, 4(4), 34-41. https://seahipaj.org/journals-ci/dec-2016/IJBLR/ full/IJBLR-D-3-2016.pdf

[4] Elegunde, A.F., Ajemunigbohun, S.S and Azeez, F.T. (2020). Evaluation of corporate governance practices on financial performance of selected insurance firms in Nigeria. Acta Universitasis Danubius Economica, 16(4), 86-110. Retrieved from https://dj.univ-danubius.ro/ index.php/AUDOE/article/view/220/573

[5] Jensen, M.C. and Meckling, W.H. (1976). Theory of the Firm: Managerial Behaviour agency costs and capital structures. Journal of Financial Economics, 3(12), 305-360.

[6] Machira, E. N. (2016). Effects of corporate governance on financial performance of insurance companies in Kenya. [Master’s thesis, University of Nairobi].

[7] Magunga, A. K. (2018). Effect of marketing strategies on the performance of insurance companies in Kenya [Master’s thesis, University of Nairobi].

[8] Méndez-Suárez, M.(2013). Re: How to determine the sample size in a large population?. Retrieved from: https://www.researchgate.net/post/How_to_determine_the_sample_size_in_a_large_population/51769d23d3df3e3b 62000027/citation/download.

[9] Mitnick, B. M. (1975). The Theory of Agency: A Framework. In: Barry M. Mitnick, The Theory of Agency (Cambridge University Press, Forthcoming). , Available at SSRN: https://ssrn.com/abstract=1021642 or http://dx.doi.org/10.2139/ssrn.1021642

[10] Mitnick, B.M., (2019). Origin of the Theory of Agency: An Account By One of the Theory's Originator. http://dx.doi.org/10.2139/ssrn.1020378

[11] Mohamed, O. E. B., & Alhabsi, S. O. (2015). Factors affecting the penetration rate of Malaysian takaful industry from takaful managers’ perspectives. International Journal of Excellence in Islamic Banking and Finance, 5(1), 1-13.

[12] Moreno-Gómez, J. (2017). Re: What are corporate governance practices. Retrieved from: https://www.researchgate.net/post/What-are-corporate-governance-practices/593730bf217e205e680f024d/citation/download

[13] Ngatno, Apriatni, E. P., & Youlianto, A. (2021). Moderating effects of corporate governance mechanism on the relation between capital structure and firm performance. Cogent Business & Management, 8, Article: 1866822, 1-23. Retrieved from https://doi.org/10.1080/23311975.2020.1866822

[14] Nigeria Insurers Association. (2021). Nigerian Insurance Market https://www.nigeriainsurers.org/page/nigerian-insurance-market

[15] Nitu, R and Kuldip, S.C.(2018). An empirical study on the impact of corporate governance on the corporate social responsibilities of the life insurance companies in India.Pacific Business Review International, 10(11), May 2018

[16] Oluwasesan. L. A, & Epetimehin, F.M.(2020). Corporate Governance: Impact on Enterprise Risk Management in Nigeria Insurance Industry. African Scholar Journal of Mgt. Science and Entrepreneurship (JMSE-7, 18(7),1-22. ISSN:2276-0732, September,2020

[17] Omolade, O. O., & Tony, O. A. (2014). Effects of corporate governance on the survival and sustainability of banks in Nigeria. American Journal of Engineering Research, 3(2), 73-83.

[18] Onashile, A. (2011, 11 December). The frequent labour turnover in insurance companies in Nigeria: (case: Nigerian insurance sector). https://core.ac.uk/download/ pdf/38074902.pdf

[19] Organization for Economic Cooperation and Development (OECD, 2016) .Corporate governance and business integrity: A stocktaking of corporate practices. www.oecd.org.

[20] Prymostka, O. (2018). Life insurance companies marketing strategy in the digital world. Insurance Markets and Companies, 9(1), 66-73. doi: 10.21511/ins.09(1).2018.06(1)

[21] Rana, N., & Chhikara, K. S. (2018). An empirical study on the impact of corporate governance on corporate social responsibilities of the life insurance companies in India. Pacific Business Review International, 10(11), 18-26.

[22] Times Economics (2021) Definition of Penetration Rate https://economictimes.indiatimes.com/definition/penetration-rate

[23] Tyson, J. E. (2015). Life insurance markets in sub-saharan Africa: Capturing the benefits for economic developoment. Retrieved from https://www.odi.org/sites/ odi.org.uk/files/odi-assets/publications-opinion-files/10004.pdf

[24] Yensu, J., Osei, Y & Atuilik, D.A.(2017).Corporate governance structure and insurance companies’ performance in Ghana. Research Journal of Finance and Accounting, 8(4),32-66. ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)

IJIRAS

[25] Zeckhauser, R.J and Pratt, .J.W. (1985) Principals and Agents: The Structure of Business. Harvard Business School Press, Boston, Massachusetta, https://www.researchgate.net/publication/247249967_Principals_and_Agents_The_Structure_of_Business

IJIRAS