RESEARCH PROJECT PROPOSAL

THE IMPACT OF CORPORATE GOVERNANCE AND ITS EFFECTS ON THE FINANCIAL PERFORMANCE OF THE NIGERIAN INSURANCE INDUSTRY: A CASE STUDY OF SOVEREIGN TRUST INSURANCE PLC

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MBA GENERAL MANAGEMENT
What is the aim of your research in a single sentence?

The purpose of this study is to investigate the relationship between corporate governance and financial performance of insurance companies in Nigeria

Significance of Research

This study is of immense value to insurance regulators, investors, academics and other relevant stakeholders. This study provides a picture of where insurance companies stand in relation to the codes and principles on corporate governance introduced by the National Insurance Commission (NAICOM). To customer and investors, they would be confident that good governance in place can be relied upon for yielding the maximum returns on their investments.

It further provides an insight into understanding the degree to which insurance companies that are reporting on their corporate governance have been compliant with different sections of the codes of best practice and where they are experiencing difficulties. Boards of directors will find the information of value in benchmarking the performance of their insurance companies, against industry performance. The result of this study will also serve as a data base for further researchers in this field of research.

Literature Review/Secondary Data

Source 1


This journal brings to fore the reaction of the market to the legislative and regulatory actions as it concerns Corporate Governance. The balance of power is actually important, but at its core, corporate governance in not about power; it is simply about ensuring effective decision making. Corporate governance seeks ways to create and maintain an efficient decision-making process.
The goal should be to prevent significant mistakes in corporate strategy and to ensure that the mistakes that do occur can be corrected quickly. Ultimately what is needed is a system in which senior managers and the board truly collaborate on decision making. In addition, both directors and managers should actively seek the input of institutional shareholders. Institutions are no longer the passive constituents of the managed-corporation model; they have emerged as serious players in the governance process.

Source 2


Corporate governance has become a topical issue because of its immense contribution to the economic growth and development of nations. The absence of good corporate governance is a major cause of failure of many well performing companies. Existing literature generally support the position that good corporate governance has a positive impact on organizational performance. This journal highlights the fact that Corporate Governance plays an important role in crisis resolution because the aftermath of any crisis usually leaves regulators, investors, shareholders and policyholders to question the effectiveness of existing Corporate Governance and the ability to monitor insurance firms in conjunction with risk involved.

What are your objectives?

1. To critically examine the relationship between board size and financial performance of insurance companies in Nigeria
2. To assess whether, within a certain range, a positive relationship exists between debt and financial performance
3. To appraise the effect of the proportion of non-executive directors on the financial performance of insurance companies in Nigeria
4. To establish the extent to which insider shareholding maybe related to firm financial performance
5. To determine the influence of ownership concentration on financial performance of Insurance companies in Nigeria.

**Data collection**

This research project will make use of both the qualitative and quantitative method of data collection for this study. A qualitative research seeks to understand the individual’s perception of the world and it is also carried out in order to understand meanings or look at, describe and understand experience, ideas, beliefs and values. In line with the research topic, the qualitative aspect will review the impact and effect of Corporate Governance on the financial performance of insurance companies with Sovereign Trust Insurance Plc as a case study. To properly achieve this, there will be use of both primary and secondary data.

There are various ways of gathering primary data. Interviews will be conducted for purpose of this research as this will make it easy to obtain views, reactions, suggestion from key stakeholders and how the government regulations has affected them. A schedule of questions will be sought from the managers and other stakeholders in the insurance industry. A list of questions will be designed before the interview which will be according to the purpose of this research. Questionnaires would also be used as at when necessary.

The secondary data will be collected from the following sources: Text books such as “Stakeholders Theory and Practice”, Corporate Governance and Accountability, published articles and journals, Companies’ Annual Report and Accounts, The Internet.

**What are the ethical implications of your proposed research?**

This research would be carried out in full compliance with the standards that has been set by the regulatory body of the Coventry University. I will ensure that my work is clear and concise while also ensuring that there are no damaging or malicious falsifications of data.

Also ensure that all my respondents are not arm twisted into supplying details that is bound to cause damage to their person or the organization. In conducting this research, I would not use
any fraudulent means to obtain data. Confidentiality would also be the key word; all data gathered would therefore be strictly for the purpose of this research project only.

The research paper would also put into full consideration the penalty associated with plagiarism. Therefore I would ensure that the Harvard system of referencing is adequately utilized in all citations.

Would work in unity with my project supervisor and not play truancy or anything associated with being dubious