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Board Attitude towards risk-taking, Ownership Structure and Quality of Accounting Information of Listed Insurance Companies in Nigeria

Adeoye Afolabi[1]
Department of Accounting and Finance, Kwara State University, Malete, Nigeria.
Correspondence author's Email: a.afolabi@unicaf.org
ORCID: 0000-0001-9174-9233

Babatunde Moses Ololade
Department of Accounting, Redeemer's University, Ede, Nigeria.
Email: loladebabs@gmail.com
ORCID: 0000-0002-5649-3049

&

Ayodele Peters
Department of Accounting and Finance, Kwara State University, Malete, Nigeria.
Email: ayopeter253@gmail.com
ORCID: 0000-0001-0018-9259

Abstract

The global economic crisis has increased focus on the role of board of directors in ensuring integrity and transparency in corporate reporting of companies world-wide. Board characteristics are crucial in an organisation saddled with the responsibility of making decisions and determining the ability of monitoring management in carrying out its responsibilities efficiently and effectively. Against this background, this study examines the relationship between board's risk-taking attitude, ownership structures and quality of accounting information in insurance companies in Nigeria. Twenty-two insurance companies were randomly selected, and primary data were obtained from employees through survey questionnaire. The data collected were analysed using multiple regression analysis. Findings from the results show a positive significant relationship between board's risk-taking attitude, ownership structure and quality of accounting information. The higher the board's attitude to taking risk, the more the board improves the quality of accounting information and vice versa. Likewise, well organised ownership structure in insurance companies provides sound quality of accounting information issues to the public. This suggests that attitude of the board of directors to risk-taking and ownership structure play key role in providing sound quality of accounting information. Consequently, the study recommended that regulatory agencies of insurance companies in Nigeria should enforce compliance with disclosures of insurable risks and provide more framework and policies on ownership structure disclosures that will continue to enhance the quality of accounting information..

Key words: Ownership structure, board of directors, Insurable risk, and quality accounting information.
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[1] Corresponding author.
Email: a.afolabi@unicaf.org

1. Introduction

Insurance is a business of risk management whereby parties (insurer and insured) in insurance contract agreed that the insurer would indemnify the insured against insurable business risks on payment of insurance premium to the insurer by the insured (Torbira, 2018; Huang et al. 2020). The Nigerian insurance firms play critical roles in supporting business transactions on exchange of goods and services within and across national boundaries. This they do by bringing the insured to their original state before the occurrence of insurable risks (Fadun & Shoyemi, 2018).The businesses of insurance involve many stakeholders (policyholders, shareholders, brokers, agents, regulators, etc.) whose diverse interest should be protected by the corporate managers in their day-to-day management of the firms. The managers take risks as they run the insurance firms in their quest to maximise the wealth of shareholders, indemnify policyholders for insurable risks, and remunerate the brokers and agents. However, if excessive risks are taken and the insurance firms become insolvent, almost all the stakeholders will suffer.

Corporate governance mechanisms have been established as a means of curbing the excessive risk-taking behaviours of corporate managers (Ho et al. 2013; Harun et al. 2020; Carabelli, 2021). Besides, insurance regulators have the responsibilities of ensuring that the insurance market functions well and prevent ultimate collapse of insurers (Huang et al. 2020). Elamer et al. (2018) explore the impact of board size and board meetings on risk-taking behaviours of insurance firms in the United Kingdom context. They find that increasing board size and board meetings have significant and negative relationship on risk-taking behaviour of insurance firms' managers. Also, in United States of America, life insurers that are using the Big-4 auditors or paying higher audit fees are less likely to take higher risks after the implementation of Sarbanes- Oxley Act of 2002 according to Huang et al. (2020). They provide evidence that external auditors constrain the risk-taking behavior of life insurers. We therefore argue that insurers that do take less risk are likely to disclose quality accounting information to their stakeholders. This is because they would not want to show that they have high risks in their operations to the public.

Furthermore, ownership structure of firms has been found to determine the extent of disclosure of quality accounting information by corporate managers. According to Omram and Tahat (2020), there is significant positive relationship between ownership and value relevance of accounting information in Kuwaiti among non-financial listed firms. Where corporate managers are part owners of corporate firms through equity shareholding, they tend to align their interest with that of the shareholders and thereby reduce the agency costs (Nasiru & Ahmed, 2021). The goal of financial reporting is to provide useful information to current and potential investors, creditors, and other users of accounting information (e.g., government, standard-setting bodies) to make investment, credit, and other decisions. Meanwhile, the extent to which this accounting information is provided to stakeholders depend on the corporate governance mechanism, legal and political environments in which the firms operate, and the sophistication of the financial markets(Chen & Roberts, 2010; Paulo et al. 2014; Kukah, 2015; Oseni et al, 2019).

In Nigeria, studies on examination of the relationship between corporate governance mechanisms and quality of accounting information are few. Previous studies were majorly centred on examining the nexus between corporate governance mechanisms and earnings quality (Fodio et al., 2013; Pere & Obdah, 2018; Asogwa et al. 2020). Empirical studies on corporate mechanisms and quality of accounting information in insurance companies are rare despite the paramount role these insurance companies play in the economy on managing the risks of other firms. Hence, this study examines the relationship between corporate governance mechanisms such as board attitude toward risk-taking and ownership structure and quality of accounting information provided by the insurance companies in Nigeria.

The study is relevant because it will contribute to literature on risk management in the insurance sector of the Nigerian economy. Also, unlike previous studies, board independence in relation to risk taking and ownership structure of insurance companies are examined and their effect on the quality of the accounting information investigated for the first time to the best of our knowledge. Hence, the study will assist in policy formulation and execution to regulate the industry efficiently. It will also serve as a guide to scholars in the insurance companies in Nigeria to carry out further studies.

The remainder of the study is as follows. Section two outlines the literature review and development of hypotheses while section three details the methodology adopted for this study. Section four discusses the data analysis while section five concludes the study with recommendations for the study.

2. Theoretical framework, empirical literature review and research hypotheses

Agency theory as developed by Jensen and Meckling (1974) has been widely applied to corporate governance research that are premised on the separation of ownership from control of business organisations. Shareholders are the owners of business organisations while corporate managers are their agents, the managers control and manage business organisation on behalf of the shareholders. The agents in performing their duties are obligated to the principal fiduciary duty of care to operate such an organization in the best interests of the owners for a pre-determined reward (Almujamed & Mishari, 2020). However, managers are likely to pursue their self-interest by exploiting opportunities in the organisations they manage rather than pursuing the wealth maximisation objective of the shareholders in the absence of control and monitoring (Uribe-Bohorquez et al., 2018; Nyuur et al., 2020). Furthermore, managers pursuing their self-interest are likely to renege on disclosure of accounting information to shareholders which could aid their effective monitoring and control of the opportunistic behaviour of the managers. However, an effective board of directors, and balanced ownership structure as corporate governance mechanisms, should economize the agency costs and ensure disclosure of quality accounting information to all stakeholders including the shareholders (Herealth & Albarqi, 2017).

2.1 Board attitude toward risk taking

The board of directors of corporate firms are the main drivers of its strategic policies on risk management, ownership, and other corporate goals (Almujamed &Mishari, 2020). They are usually appointed by the shareholders to ensure the organisation achieves its pre-set goals and targets. Board of directors are charged with the responsibility of representing the interests of shareholders (Hodgdon& Hughes, 2016). They have the highest authority and responsibilities to the firms' shareholders. They track, monitor, and control the activities of the management to ensure the performance of the firm is on track and to safeguard the best interests of the shareholders (Pearce & Patel, 2018). In addition, the board of directors are legally accountable for the decisions made on behalf of the organisation (Hodgdon& Hughes, 2016).

Previous studies have provided evidence on the risk-taking ability of the board of directors in relation to the board's independence and weight of outside directors on the board. Cole et al., (2006) find a positive relationship between the percentage of insiders' executive directors on the board and risk taking. They argue that insiders have incentives to take higher risks and adopt financing and investment policies that increase the firm risk. In corroboration to this, Brick and Chidambaran (2008) find that the higher percentage of outsider executive directors on the board is negatively related to firm risk when stocks returns are used to measure the firm risk. Elamer et al. (2018) explore the influence of corporate governance mechanisms on risk-taking behaviours of corporate managers in insurance companies in United Kingdom. They find that board size and board meetings are negatively and significantly related to risk taking behaviours. They provide empirical evidence that increases in the size of board members and diversity limit the risk-taking behaviours of corporate managers of insurance firms in United Kingdom context.

Insurance firms are risk takers as they assume the insurable risks of other firms upon payment of premium. They give assurance of adequate compensation for any insurable risk that eventually occurs. The strategic policies on risk management of the insurance firms are formulated at the level of their board of directors. The extent to which these firms will take risk depend on the percentage of outsiders and insiders on the board of directors (Cole et al., 2006; Boubakri, 2011).Consequently, it could be argued that the higher the percentage of outsider directors on the board, the lesser risks the board will want to take and the more quality accounting information the firm will want to provide for their stakeholders. We therefore hypothesise that:

Hypothesis 1: Board attitude toward risk-taking has no significant relation with accounting information quality of listed insurance companies in Nigeria.

2.2 Ownership Structure

The ownership structure of a firm is another way of controlling and managing a firm. This way, a firm can efficiently monitor and control the operating activities for best performance of all financial and operational activities of the firm. Ownership and control are rarely completely separated within any firm. The controllers frequently have some degree of ownership of the equity of the firms they control, while some owners, by virtue of the size of their equity positions, effectively have some control over the firms they own (Pere & Obdah, 2018). Thus, ownership structure (i.e., the identities of a firm's equity holders and the sizes of their positions) is a potentially important element of corporate governance.

It is reasonable to presume that an overlap which exists between ownership and control should lead to a reduction in conflicts of interest and, therefore, to higher firm value according to agency theory. The relationships between ownership, control, and firm value are more complicated than envisaged. However ownership by a company's management, for example, can serve to better align mangers' interests with those of the company's shareholders. Alnabsha et al., (2016) argue that no significant relationship exists between corporate disclosures of accounting information and ownership structure variables (foreign ownership, government ownership, institutional ownership, and director ownership). However, Omram and Tahat (2020) found a significant positive relationship between ownership and value relevance of accounting information in Kuwaiti among non-financial listed firms. This provides evidence that ownership structure enhances the quality of accounting information that is provided by firms. This was corroborated by Ellili (2013) that find negative impacts of managerial and blockholders ownerships on the discretionary accruals. This result confirms that a higher percentage of managers and blockholders in the ownership structure of a company leads to a weak practice of earnings management and will subsequently lead to good quality accounting information.

Consequently, there are mixed empirical results on the effect of ownership structure on the quality of accounting information. However, this paper examines the effect of ownership structure on quality of accounting information in insurance companies within the Nigerian context where legal and institutional frameworks that propel good corporate governance mechanism are found to be weak. Therefore, we conjecture that:

Hypothesis 2: Ownership status has no significant impact on the quality of accounting information of listed insurance companies in Nigeria.

2.3 Quality of Accounting Information

The product of accounting is accounting information. Accounting information is used in deciding between different courses of action and results in informed decision making. It serves to reduce the uncertainty inherent in the business environment where decisions are made about the future. It further reduces entropy based on the assumption that chaos exists where there is no information. Littlejohn (2009) views information as a measure of uncertainty or entropy in a situation. This implies that the greater the uncertainty or entropy, the more accounting and other information are required.

The role of the accountant in producing accounting information is to observe, screen and recognise events and transactions, to measure and process them and to compile corporate reports with accounting information that are communicated to users. These are then interpreted, decoded, and used by management and other user groups. The main requirement for such corporate reports is that they should be useful to users(Herealth & Albarqi, 2017). The provision of information that is useful to the decision-making process is currently recognised as the main purpose of accounting information. This holds for theoretical frameworks on financial reporting as well as accounting literature. Gray (2014) confirms that accounting literature is currently dominated by the notion of decision usefulness. This implies that corporate reporting should continuously meet the changing needs of all users of accounting information.

2.4 Financial Reports

The International Accounting Standard Committee (IASC) metamorphosed into International Accounting Standard Board (IASB) in 2001. The board's framework pinpointed issues pertaining to the preparation and presentation of financial statements. The objective of financial statement, according to IASB is to provide information about the financial position, financial performance, and changes in financial status of an entity, which will be useful to a wide range of users in making informed economic decisions. In preparing a high-quality financial reporting, private sectors' growth is enhanced, and the economy is strengthened with a low risk of financial market crises. Foreign investors can easily evaluate corporate prospects thereby making informed economic decisions. Financial statement is expected to be easily understandable by all the users and it must also be relevant to the business concerned. So also, the attributes of relevance, comparability, reliability, and uniformity are paramount importance features that financial statements should possess before justifying their usefulness to the stakeholders.

3. Methodology

This study adopted survey research design. This design was chosen to obtain primary data through the administration of standardized questionnaire to 220 selected senior management staff, directors of the sample insurance companies and regulators. The sample of twenty-two (22) insurance companies out of the fifty-eight according to National Insurance Companies (NAICOM), the insurance industry regulator in Nigeria, was randomly selected. The justification for selecting twenty-two (22) insurance companies was that these insurance companies are among the top and middle categories of insurance companies in Nigeria with widely dispersed ownership structure. The two hundred-twenty (220) respondents were selected through snowballing random sampling. This a non-probability sample in which there was initial contact with relevant respondents within stakeholders in the insurance companies was used to establish contact with other respondents.

3.1 Research Instrument

The research Instrument is structured questionnaire. The questionnaire was divided into two (2) sections: A and B. Section A deals with the biodata of the respondents while section B `centred on the research objectives. The bio-data section deals with the personal information about the respondents while section B deals with the statement formulated on the research objectives and hypotheses formulated.

The questionnaire was prepared in Likert-scale format which comprises strongly agree, agree, undecided, disagree and strongly disagree expected responses. The responses were arranged in an ordinal scale measure and were assigned numbers ranging from 5,4,3,2 and 1 respectively. The items in the questionnaire used in this study were adapted from previous literatures (Kabuye et al., 2017; Asiedu & Deffor, 2017).

3.2 Reliability and validity test of the Instrument

The questionnaire was given to two accounting professors with specialisation in corporate governance for review and possible amendment. The modifications suggested by the Professors were accommodated in the final questionnaire before administration. Also, prior to hypotheses testing, a pilot test was carried out among insurance brokers in Kwara State to ensure that the research instrument reflect the purpose of the construct used in the study. The reliability test was done with the use of Cronbach-Alpha test. Cronbach-alpha measures the reliability or internal consistency of data set. The Cronbach Alpha test shows a good result of more than the minimum score of 0.73.

Table 1: Result of the Reliability Test of the Variables of the Study

	Cronbach's Alpha	Item
Board attitude towards risk taking	0.73	4
Ownership structure	0.82	5
Quality of accounting information	0.94	5

Source: Research Survey, (2022).

Based on this result, the items in the research instrument are reliable and fit for use in the study.

3.3 Method of Data Analysis

The data collected were analysed with the use of both descriptive and inferential statistics. The descriptive statistics employed include the frequency table and simple percentages to show the snapshot of the dependent and the independent variables. The inferential statistics employed is the multiple regression analysis.

3.4 Measurement of the Variables

The dependent variable for the study is accounting information quality and thus serves as the variable being observed. The variable was measured with the opinions of the respondents on questions asked about the quality of accounting information in their respective firms. The independent variables for the study are board's attitude to risk taking and ownership structure in the insurance companies. These variables were measured by developing questionnaire that indirectly obtains their opinions on the variables.

3.5 Model Specification

QAI = f (BOD, OWS)
Where;
QAI: Quality of accounting information
BOD: Board attitude to risk-taking
OWS: Ownership Structure
However, to express equation (i) in mathematical terms, the following equation was formulated.

$QAI = \alpha + \beta_1 BOD + \beta_2 OWS + \mu$
Where;
α: slope or intercept of the model
β_1: coefficient of board attitude to risk-taking
β_2: coefficient of ownership structure
μ: error term

4. Data analysis and discussion

This section presents the results of analysis for the quantitative data that were collected via the questionnaire designed for the study.

4.1. Response Rate of Questionnaires Distributed

The table below explained the distribution of questionnaires and response rate from the respondents.

Table 2: Response Rate of the Questionnaires

Responses	Frequency	Rate (%)
No. of questionnaire administered	220	100
Returned questionnaires	215	98
Questionnaire copies not returned	5	2
Response rate		98

Source: Research Survey, (2022).

The questionnaires were distributed to the 220 respondents. An aggregate of 215 copies were returned which represent 98% response rate. The 215-questionnaire returned were usable for data analysis. The remaining 5 questionnaires, which constituted 2% of the total questionnaire, were not returned.

4.2. Demographic profile of the Respondents

The table below explained the descriptive analysis of the respondents for this study.

Table 3: Summary of the Respondents' Demography

	No. of Resp.	%
Gender		
Male	115	53.48%
Female	100	46.52%
Total	**215**	**100.0%**
Occupation		
Director	25	11.63%
Senior Manager	45	20.93%
Manager	50	23.25%
Supervisor	65	30.23%
NAICOM	15	6.98%
SEC	15	6.98%
Total	**215**	**100.0%**
Years of Experience		
< 6 years	75	34.88%
6 – 10 years	68	31.63%
11 – 15 years	55	25.58%
Over 15 years	17	7.91%
Total	**215**	**100%**
Formal Education		
Bachelor's Degree	170	79.07%
Master's Degree	45	20.93%
Total	**215**	**100%**
Level of Knowledge on ownership structure, board attitude to risk and Accounting Information		
High	183	85.11%
Medium	32	14.88%
Total	**215**	**100%**

Source: Field Survey, (2022)

Table 3 above illustrates the summary of the respondents' demographic structure; under the gender there is evidence that there are more male with 53.48% than female, while within the category of the occupation the supervisors and managers are higher than others. In addition those employees with less than six years and within the thread hold of six to ten years have the highest percentage of frequency. On the basis of education, the respondents with Bachelor degrees have the highest percentage of frequency and lastly the respondents indicated that the level of their knowledge on ownership structure, board attitude to risk taking and accounting information are higher. This implies that we administered the survey questionnaire to the real target respondents.

4.3 Descriptive statistics of the variables

This sub-section shows the results of the descriptive statistics for each of the variables in the study.

4.3.3 Descriptive statistics of all measurement items for board attitude towards risk taking in the insurance industry on the survey questionnaires.

The mean scores reflect some of the little differences on the items used to measure the board attitude towards risk taking constructs were discussed in table 4 below:

Table 4 Board Attitude towards risk taking

Statements	Code	Mean	Std. Dev	% of Fq	Decision
Board attitude toward risks taking and timely disclosure	BOD	4.44	1.16	SA – 62%	Agreed
The board follows a defined risk profile which is part of the regulation that established the insurance company	BOD	4.01	1.50	A – 95.2%	Agreed
Ensuring reinsurance coverage in cases of perceived high risk even though it reduced the potential returns	BOD	3.93	1.43	A – 91.2%	Agreed
The Board takes risks higher than the risk appetite to earn higher returns	BOD	2.18	0.69	D – 90%	Disagreed

Source: Field Survey, (2022)

As presented in Table 4, the board of insurance companies have a strong attitude towards risks (mean = 4.4) suggesting that insurance companies truly pay close attention to their core business, which is risk. Board of directors have strong attitude towards risk indicating they are very conservative in their risk approach.

4.3.4 Descriptive statistics of all measurement items for ownership structure in the insurance industry

The mean scores reflect some of the differences in opinion on the items used to measure the ownership structure constructs were discussed in table 5 below:

Table 5: Ownership Structure

Statement	Code	Mean	Std. Dev	% Frq.	Decision
When government owned most shares in insurance companies, it influences the quality of accounting information	OWS	4.78	1.66	SA – 85.2%	Agreed
Foreign nationals are part of the shareholders, and this influences the quality of accounting information	OWS	4.52	1.34	SA – 70.4%	Agreed
Insurance companies owned by individual majority shareholders can influence the quality of accounting information	OWS	2.97	1.02	U – 87.6%	Undecided
Publicly owned insurance companies tend to present good quality accounting information	OWS	2.42	0.59	D – 76.8%	Disagreed
The Board members and senior management are generally majority shareholders in insurance company, and this influences the quality of accounting information	OWS	2.25	0.65	D – 86.8%	Disagreed

Source: Field Survey, (2022)

From Table 5 quality of accounting information is influenced when government and foreign nationals owns most of the shares in an insurance company. However, on the flip side, quality of accounting is not influenced when individual own majority or when shares are publicly held. Furthermore, quality of accounting information is not also influenced when board members and senior management are generally majority shareholders. This result suggests ownership structure influences the quality of accounting information, however, at this stage, the direction of influence cannot be determined.

4.3.5 Descriptive statistics of all measurement items for quality of accounting information in the insurance industry

The mean scores reflect some of the little differences on the items used to measure the quality of accounting information constructs were discussed in table 6 below

Table 6: Quality of Accounting Information

Statement	Code	Mean	Std. Dev	% Frq	Decision
Usual compliance with financial reporting regulations with understanding and reliability	QAI	4.85	1.75	SA –89.2%	Agreed
Financial reports of insurance companies are usually prepared in conformity with the principle of relevance and comparability	QAI	4.04	1.32	A – 85.6%	Agreed
Faithful representation of company financial reports	QAI	4.03	1.43	A – 91.2%	Agreed
Financial reporting information prepared timely to the users	QAI	3.21	0.96	U – 84.4%	Agreed
Management's reliance on accounting information provided for decision making	QAI	3.00	1.08	SA –91.6%	Agreed

Source: Field Survey, (2022)

From the result presented in Table 6, all the statements have mean equal to or greater than 3, suggesting that insurance companies present quality of accounting information. Quality in the areas of usual compliance with financial reporting regulations, preparation of reports in conformity with the principle of relevance and comparability, faithful representation of company financial reports, timely reporting and strong reliance of the management on reported financial reports.

4. 4 Normality Test

Table 7: Result of the Normality Test of the Variables of the Study

	Kurtosis	Skewness	Kolmogorov-Smirnov	
			Statistics	Significance
Board attitude towards risk taking	1.82	0.66	0.06	0.97
Ownership structure	1.51	0.67	0.412	0.06
Quality of accounting information	1.38	-1.14	0.252	0.13

Source: Research Survey, (2022).

A normality test was carried out on the data using Kurtosis, Skewness and Kolmogorov-Smirnov. The result of the Kurtosis suggests that variables for the study are normally peaked because of their relative closeness to 0; however, the data collected on ownership structures indicates a slight non-normality. Similarly, the variables are normally skewed except for, once again, the ownership structure which is positively skewed. The result of the Kolmogorov-Smirnov indicates that the variables are normally distributed.

Table 7: Showing the Variance Inflation Factor of the Variables Adopted for the Study

	VIF	Tolerance
Quality of accounting information	1.405	0.712
Board attitude towards risk taking	1.637	0.611
Ownership structure	1.788	0.559

Source: Research Survey, (2022).

Variance Inflation Factor was used to ascertain the level of multicollinearity between the independent variables to ensure the assumptions of regressions are not violated. From the result, the VIF of all the variables do not exceed three hence, the variables are not collineated and thus fit for regression analysis.

Table 8: The regression results on the effect of board attitude towards risk taking and ownership structure and quality of accounting information

Model: QAI = β_0(constant) + β_1(BOD) + β_2(OWS)+ μe

Variables	Co-efficient	Standard Error	T Statistics	P-Value
Constant	1.86*	1.54	1.22	0.000
Board Attitude towards risk taking	0.53	0.04	3.22	0.000
Ownership Structure	0.37*	0.05	1.92	0.002
R^2	0.70			
F-Square	58.64			
No of Respondents	215			

Source: Author's Computations (2022)

In Table 8, the regression result indicates that the variables such as board attitude towards risk, and ownership structure are jointly significant with quality of accounting information of listed insurance companies. From the result, the t-statistic results provide 3.22 and 1.92 for board attitude towards risk, and ownership structure respectively. Moreover, the P-value indicates .00, and .002 for board attitude towards risk and ownership structure respectively. This shows that the board's attitude towards risk and ownership structure are positively significant with the quality of accounting. Hence, hypothesis one is rejected as the results show a significant positive relationship. From the regression result, the coefficient of determination (R^2) is 0.70, which means that 70 percent of variation in the dependent variable can be explained by the independent variables.

Hypothesis two predicted that ownership structure does not significantly affect quality of accounting information of listed insurance companies. The regression result illustrates that ownership structures have a positive significant relationship with the quality of accounting information of listed insurance companies. Hence, hypothesis two is also rejected as the results show a significant positive relationship between ownership structure and quality of accounting information.

4.5 Discussion of Findings

This paper examined the association between ownership structure, board attitude in risk taking and accounting information in insurance companies in Nigeria. The data for this study was collected through survey questionnaire and multiple regression analysis was used to analyse the primary data obtained through survey questionnaire. The result shows a significant positive relationship of board attitude to risk taking with quality of accounting information of listed insurance companies at 5% level of significance. This finding suggests that the board members of insurance companies in Nigeria, irrespective of their size and composition, are disposed to taking risks and reporting them in their annual reports. This could be connected to the fact that the insurance sector is highly regulated by the National Insurance Commission, the regulator of the sector.

The board, however, takes into consideration defined risk structures and frameworks in their respective organisation while taking the risks. These risk structures and frameworks are regulatory induced through issuance of codes of corporate governance on risk management by the regulator. Besides, while it is necessary to take risks in insurance businesses, board of insurance companies in Nigeria take precautions by re-insuring risks they perceived to be higher than their risk appetite. This also encourages the disclosure of quality accounting information to the shareholders. The finding is consistent with the study of Harun et al, (2020) which shows a positive relationship between takeover market and accounting information among listed insurance companies. However, our study focuses on board attitude to risk and quality of accounting information. This finding is consistent with the postulations of agency theory that managers act based on their selfish interests and that regulations reduce conflicts of interest between shareholders and managers (Yunos et al., 2011).

Furthermore, result from the regression analysis also showed that there is positive and significant relationship between ownership structures and accounting information among listed insurance companies at 0.05% level of significant. This finding indicates that shareholders, who have greater ownership position have more incentives to provide resources to enforce, monitor and influence management of insurance companies to provide adequate quality of accounting information to users and potential investors within insurance sectors in Nigeria. Again, regulations play a key role in the disclosure of quality accounting information irrespective of concentration of ownership in the hands of government, foreigners, and private individuals. The result also implies that insurance companies in Nigeria have ownership structures that favour disclosure of accounting information to the shareholders in order to enhance smooth rising of additional capital from shareholders.

5. Conclusion and Recommendation

The purpose of the study is to examine the relationship between ownership structure, board attitude to risk taking and quality of accounting information in insurance companies in Nigeria. Primary data obtained through structured questionnaire were analysed with descriptive and inferential statistics. The result shows a significant positive relationship between board attitude to risk taking and quality of accounting information of listed insurance companies in Nigeria. Similarly, the result further shows a significant positive relationship between ownership structure and quality accounting information. The implication of this result is that aside from the corporate mechanism attributes of the Nigeria Insurance companies, regulations also play its roles in ensuring quality of accounting information.

This paper contributes to the literature in corporate governance in support with Ali et al., (2022) that revealed that there is evidence that ownership structures are concentrated around the world particularly in developing countries. However, in the UK and the US firms, ownership structures are relatively diffused. Therefore based on this premise, Nigeria as one of the developing countries in the Sub-Saharan Africa region has ownership structures of all firms including insurance companies concentrated or not diffused. This encourages management to improve the quality of accounting information in line with regulations. Also the positive significant relationship of board attitude to risk-taking and quality of accounting information are characteristics of board of insurance companies in Nigeria. The study recommends that the National Insurance Commission (NAICOM) should continue to monitor and enforce regulations that will ensure sound quality of accounting information to all users of accounting information in the insurance sector in Nigeria.

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