Board Attributes and Value of Listed Insurance Companies in Nigeria: The Mediating effect of Earnings Quality

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Abstract: Effective administration of a firm depends largely on the quality and commitment of the board of directors, who are expected to control the activities of the firm based on ethical and professional standards to ensure that corporate affairs are in line with corporate objectives. This study examines the mediating effect of earnings quality on the relationship between corporate board attributes and the value of listed insurance companies in Nigeria. The study utilized secondary sources of data collected from annual reports of the sampled companies for the periods 2009 to 2018. The population of the study comprises of all twenty seven (27) insurance companies listed on the Nigerian stock exchange, out of which fifteen (15) were selected as study sample. Data generated were examined by means of descriptive statistics to provide summary statistics for the variables and subsequently, correlation analysis was carried out using Pearson correlation technique for the correlation between the dependent, independent variables and the mediating variable. Path analysis using Structural Equation Modeling was used; also Monte Carlo's test was employed to determine the significant of the indirect effect. It was found that board size, board meetings and women directorship significantly affect firm value. It also reveals that board size and board independence significantly affects earnings quality of listed insurance companies in Nigeria. Furthermore, the study finds that earnings quality does not significantly mediates the relationship between board size, board independence, women director, board meeting and firm value. However, it is mediating partially. This indicates that board attributes through the quality of the reported earnings a higher firm value will be achieved. Hence the study concludes that the direct association between boards attributes mechanisms and firm value is more crucial than their indirect association mediated by the earnings quality. Thus, the study recommends that investors should pay more attention to companies with high number of directors, as provided in the NAICOM code of corporate governance. Also, in order to have proper checking by independent directors, NAICOM should also ensure a strict adherence to the provision of the code to improve the quality of earnings and enhance the value of the listed insurance companies in Nigeria.

Keywords: Board size, Board Independence, Women Directors, Board Meetings, Firm Value, Earnings Quality.

1. Introduction

Financial reporting is the process of providing information about a company's operations to accounting data users. As a result, a high-quality financial report is critical for improving decision quality and relevance. Users' primary source of information remains published financial statements issued by company directors and certified by external auditors alerting them on the company's financial performance, progress, and position. As a result, audited financial statements

must be credible, current, and reliable. However, due to a weak corporate board, codes, institutions, and the timely nature of financial information, as well as the user's level of capabilities, the conditions may not hold in every circumstance. (Dabor & Adeyemi, 2009).

In order to achieve and sustain a good firm value, effective corporate board features are required. A poor board can result in poor performance, which can lead to corporate failures. As a result, the board of directors is regarded as the most significant corporate governance structure, as it oversees and advises top management in carrying out their responsibilities to safeguard shareholders' interests. According to empirical research, an ineffective corporate board leads to financial problems, as most companies with weak boards experience financial difficulties when compared to companies with strong boards (Mitton, 2002). In the cases of Enron, WorldCom, African Petroleum, Plc, Spring Bank, Wema Bank, Cadbury, Plc, Adelphia, and Parmalat, which eroded user confidence due to their weak corporate board and poor reported earnings, Samaila (2014) identifies a weak corporate board as the main factor contributing to company's failures. Based on such obvious instances, it is apparent that effective board attributes are essential factors in achieving and maintaining public trust and confidence in the financial system and strength of firms' earnings.

Earnings are regarded as the most important information that can help interested parties make decisions. Because earnings information contained in the company's annual financial statements is so important, managers will go to extra mile to generate financial statements that are attractive to both internal and external stakeholders. Earnings quality is used by investors to evaluate a company and make informed judgments. As a result, when investors lack access to high-quality information on a company's earnings, they tend to compensate for the risk by charging a high cost of capital, which could ultimately affect the firm's value as a whole (Leuz & Verrecchia, 2004). As a result, an excellent corporate board can help in improving a company's poor earning quality and weak financial base. As they board are responsible of overseeing the activities of the company in order to fulfill its goals. They are also responsible for ensuring that reported earnings are free from all forms of material errors and misstatement to accomplish the long-term goal of the firm, thereby increasing shareholders' value, as well as market value. Thus, Chi, Lisic et al., (2013) posited that effective corporate boards deter managers' opportunist behavior and minimize misleading and incorrect reporting, and firm value is positively influenced.

From the beginning of time, the severe problem of risks and uncertainties has been the greatest challenge to humanity on our planet. Despite the great improvements in science and technology that we have observed over the years, this challenge has remained unsolved. Insurance was the most intelligent product of the human mind in response to this risk concern from a social and economic perspective. Since no modern economy can function properly without the support of a robust and well-organized insurance industry, the insurance concept has been universally recognized as a critical factor in sustaining the national economy for well over 2,000 years. In light of this, most modern governments place a high value on the quality and efficiency of their insurance industry. This explains why it's become critical for any country to have an effective insurance regulatory structure in place to oversee the insurance industry's operations.

The insurance business entails pooling funds from several individuals and entities known as policy holders in order to compensate any contributors for losses and damages. The insurance policy's terms and conditions determine how much the risk and losses are compensated. As a result, an insurance policy is a type of risk management that is primarily geared to protect against the risk of a contingent and unpredictable loss (Baba 2016). As a result, the insurance industry is a critical component of the financial services industry and, as such, a critical part in the national economy's protection, as no modern economy can survive without the support of a functioning and well-regulated insurance industry (Arena, 2006).

Therefore, the role of insurance business is vital for the survival of any economy, this necessitates the need to conduct this study in Nigeria. The rest of the paper is divided into four sections, section two brief literature from previous studies. Third section of the study describes methodology used for examining the impact of the board attributes on firm value and the mediating role of earnings quality. Section four comprises of the empirical results and discussion. Fifth section is conclusions and recommendations.

2. Literature Review

Corporate governance and financial reporting are two areas of accounting research that have received a lot of attention (Haruna et al., 2018). However, the influence of board characteristics combined with risk factors on earnings quality has yet to be investigated. The Agency Theory backs up the idea that better-structured governance processes lead to better

financial reporting from a company, and that information risk should not be overlooked. Financial accounting data is a fundamental component of the corporate governance process and the primary source of information about managers' performance. In terms of board characteristics, various corporate governance procedures were positively related to firm valuation (Aggarwal et al., 2010; Oesch, 2011; Qasim, 2014). Investors, on the other hand, appreciate earnings quality above and beyond the impact of corporate governance. Investors value it in addition to the impact of increased analyst coverage (Gaio & Raposo, 2011). As a result, low earnings quality combined with insufficient governance procedures can have a negative impact on the reliability of accounting information for investors and undermine the connection between capital market increment transaction costs, earnings, and firm valuation (Sehrawat et al., 2019).

According to the agency theory, organizations can reduce agency costs by putting in place appropriate monitoring measures to ensure that managers are properly supervised (Fama & Jensen, 1983). The corporate governance system is defined by Charreaux and Desbrières (2001) as the systems that govern managers' behavior and limit their discretionary actions. Corporate governance is often defined as the process by which financial providers to firms assure a return on their investments.

Corporate boards are also in charge of monitoring the quality of financial statement information, as well as controlling the behavior of top management to ensure that their activities are in line with the interests of stakeholders. As a result, corporate boards play an important role in corporate governance, with responsible boards encouraging sound corporate governance practices. Boards with a large proportion of independent directors are considered to be more effective in monitoring and controlling management, according to agency theory. As a result, they should be more successful in steering management toward long-term value-adding activities and a high level of transparency. Because they are less involved in the formation of firm strategy and business policies, independent directors are expected to be able to judge management performance more objectively than executive directors. Independent directors, on the other hand, are less reliant on the CEO's goodwill than executive directors and associated non-executive directors with economic relations to the company.

Sarun (2016) identified a link between the components of board characteristics and firm value through financial reporting quality in his research. While Afifa et al. (2020) argue that high audit quality and high earnings quality boost the share price independently; though, earnings quality partially mediates the relationship between audit quality and the share price. It was also discovered that a high audit quality does not improve the earnings quality of the firms under investigation. However, Restuning (2016) and Khalid et al. (2017) could not establish such a positive association; instead, they found that board attributes did not influence firm value through earnings quality.

2.1 Corporate Board Size

In the context of this study, board size is defined as the total number of board members. According to Firth et al., (2007), board size is an important factor that influences the effectiveness of the board control function. The two schools of thinking on board size are the Agency Theory and the Resource Dependency Theory. For effective administration of the firm, the Agency Theory advocates smaller boards. According to Ning et al., (2010), as board size grows, so do agency problems in the boardroom, resulting in more director-free-riding issues and internal conflicts among directors.

According to Gulzar and Zongjun (2011), the corporation could improve decision-making by having a smaller board of four to six members. Larger boards are thought to be less successful at exchanging ideas and increase the costs of forming coalitions among board members (Firth et al., 2007). The Board of Directors is critical in resolving agency issues between shareholders and executives that develop as a result of earnings management (Ali et al., 2009). The Resource Dependency Theory, on the other hand, advocates for larger boards due to the richness of expertise, ability, and resources that board members are likely to make available to the organization. In other word, the larger the board, the more possibilities for getting rich and bringing together different abilities to move the company forward, whereas the smaller the board, the less affluent experience skills to move the firms to greater efficiency.

2.2 Corporate Board Independence

Another important factor that can influence the board's ability to monitor is the composition of the board. The composition of a company's board of directors has been linked to its performance in empirical studies (Okon, 2014; Hykaj, 2016). According to Chinedu and Augustine (2018), the board of directors must be independent in order to oversee management's actions and lead the organization. This can be accomplished by including some board members who are not engaged in the running of the affairs of the company and have no ties to other stakeholders. The ability of board members to govern and guide a company's operations is influenced by their expertise and quality. Hence, corporate governance relies on boards of directors made up of individuals with a wide range of experience. This is because they help to ensure that all of the qualities required for an effective board are present.

There is disagreement in the corporate governance literature about whether the composition of boards and the presentation of non-executive directors leads to economic worth in firms (Hermalin & Weisbach, 2003; Davila, 2014). More non-executive directors on the board, according to studies (McCabe and Nowak, 2008; Joh & Jung, 2012; Al-Matari, 2013; Ibrahim, 2013; Wali, 2014; Ahmad et al., 2016 & Charitou et al., 2017), have a positive and significant influence on checking the activities of executive directors, which improves the quality of reported earnings and the firm's economic performance. In terms of board composition, the agency theory implies that a larger number of outside directors will be able to monitor the managers' actions for any self-interest and therefore minimize the agency's expenses (Fama, 1980; Jensen and Fama, 1983).

2.3 Corporate Board Meetings

A board meeting is an important board attribute that examines the frequency of meetings to determine the efficacy of the board. The number of meetings held by the board of directors each year is referred to as the board's meeting count. According to Vafeas (1999), the number of board meetings is a proxy for the directors' monitoring effort, and regular board meetings can be a solution to the problem of limited director contact time. The board meeting's scheduling is a critical resource for improving the board's effectiveness.

According to the requirement of the 2009 NAICOM code of corporate governance, insurance companies are required to have at least one board meeting in each quarter of the year for discharging duties and responsibilities. Also, every member must attend a minimum of two-thirds of all board meetings. The frequency of board meetings is thought to be an essential factor in boosting the board's efficacy, which could lead to lower earnings management (Abidin et al., 2009). Board meetings and attendance are claimed to be critical avenues for directors to acquire firm-specific information and conduct their monitoring duties.

2.4 Corporate Gender Diversity

Gender diversity refers to the gender balance on a company's board of directors. The Nigerian insurance industry's code of corporate governance makes no provision for the number of women who should be on the board of directors. According to Al Azeez et al. (2019), traditionally, boards have only male members. Gender diversity results from the presence of women on the board. Female board members are often thought to be more independent than their male counterparts (Carter et al., 2010). Women are more likely to be placed in leadership roles during a downturn, according to Ryan & Haslam (2005). The consequence is that shareholders may interpret the presence of women on the board as a sign of major change, increasing their confidence in the company's success. In general, diversity is thought to boost organizational value and performance since it brings new ideas and allows for the representation of various stakeholders for equity and fairness (Al Azeez et al., 2019).

A number of theoretical approaches encourage gender diversity on the board. Diverse group representation will provide a balanced board, according to the agency theory, which is primarily concerned with director independence and a balance between executive and non-executive directors on boards. This ensures that no single person or small group of individuals can dominate the board's decision-making (Gull et al. 2017).

2.5 The Concept of Earning Quality

Earnings quality simply refers to how well reported earnings reflect a company's economic reality (for a given company). It's also defined from two viewpoints: decision-usefulness and economic basis. Earnings quality is excellent if the reported earnings are useful for making decisions, according to the decision-usefulness perspective (Khairul & Wan 2014). Dechow and Schrand (2004) take a similar approach to determining earning quality. They argue that analysts are more inclined to regard earnings as high quality when they accurately reflect the company's current operating performance, which is a solid signal of future operating performance and useful summary indicators for assessing firm value, they claim. These are in line with financial analysts' primary goal of evaluating a company's performance, as well as determining if present earnings are indicative of future performance and whether the current stock price reflects intrinsic firm value.

According to Schipper and Vincent (2003), the economic concept of earnings quality reflects income definition. "The extent to which reported earnings truly and faithfully represent income; where representational faithfulness indicates correspondence or agreement with the measure or description of the phenomena that is purportedly represented," they say. This definition backs up the notion of earning quality as numbers that reflect actual earnings rather than accounting regulations and standards. Real earnings are a context-free and neutral standard, but they are difficult to evaluate as income (economic income) and unobservable (Khairul & Wan 2014). They concluded that the more accurate or timely reported earnings reflect shocks in the present value of expected future dividends, the higher the earnings quality.

Therefore, earnings quality is defined by researchers using certain earnings qualities such as persistence or sustainability, predictive ability, smoothness, conservatism, value-relevance, timeliness, earnings management or earnings manipulation, and accrual quality (Hassan et al., 2020; Uemura, 2020; Lestari & Hanifah, 2020; Worokinasih & Zaini 2020). Many scholars and researchers agree, however, that earnings that are truly deemed of high unprecedented quality are those with a high level of persistence, predictability, reduced volatility, timing, lower level of earnings management, and higher accrual quality (Khairul & Wan 2014).

2.6 Review of Related Empirical Literature

In Malaysia, Sarun (2016) investigated the impact of corporate governance, earnings quality, and business value. For the study's period of 2004 to 2009, a sample of 100 companies was used. The data analysis technique employed was multiple regressions. Tobin's Q, return on asset, market capitalization, and enterprise value were utilized to evaluate company value, while a corporate governance index was created as a surrogate for the independent variable. The mediating variable was measured using conservatism, accrual quality, and earnings predictability. The findings were statistically reliable in both a direct and indirect path mediated by earnings quality, as well as between corporate governance and firm value, across four different metrics of firm value. The direct path was significantly more crucial than the intermediate path in every case (s). With one exception, the results were also consistent for all other metrics of earnings quality. Although the indirect path was still dominated by the direct path, its relevance was sensitive to the precise measure of earnings quality. The indirect channel, which was mediated by a conservatism-based earnings quality indicator, was more important than the accrual quality-mediated path. The result justified the prediction of the analytical models, which posit that both a direct and mediated paths form the mechanisms of corporate governance to firm value.

For the period 2010–2013, Restuning (2016) investigated the mediating effect of financial reporting quality on the relationship between corporate governance mechanisms and the stock price of consumer products companies listed on the Indonesia stock exchange. The quality of accruals was used as a proxy for financial reporting quality, while board independence, managerial ownership, and institutional ownership were used as proxies for corporate governance, and Tobin's Q was used as a measure of firm value. The results reveal that the corporate governance system has no direct or indirect effects on stock price, but that managerial ownership has a direct effect on financial reporting quality. The result implies that the stock price was not influenced by the financial reporting quality and corporate governance mechanism.

Furthermore, Khalid et al., (2017) investigated the association of corporate governance and firm value with the mediating effect of earnings quality for the period 2004 – 2014 in Pakistan. Two-hundred-and-fourteen firms were selected as the sample of the study. A weighted corporate governance index was constructed to represent the independent variable, while

Tobin's Q served as a proxy for the dependent variable and also the study control for size and leverage. The findings suggest that corporate governance improved the firm's earnings quality and value, indicating that the monitoring role is justified. Furthermore, earnings quality plays a significant role in maximizing the firm's value, and the findings show that higher earnings quality partially mediates the governance-value relationship. Also, Tahir et al (2019) evaluated the mediation role of financial health concomitant to corporate governance and firm value. The data were taken from 60 textiles firms listed in the Pakistan stock exchange for the period 2009 - 2016; OLS models were applied to analyze the data. It was discovered that financial health fully mediated the relationship of board size and firm value and partially mediated board meetings and firm value. Also, board size and board meetings had a positive impact on firm value.

Monoarfa et al. (2019) conducted a study on the role of profitability as a mediator between good corporate governance and firm value. The research was conducted in the manufacturing companies listed on the Indonesian Stock Exchange for the period 2012-2017. 24 listed companies were sampled. Using path analysis, this study found that the effect of managerial ownership and institutional ownership on firm value was not significant, while the impact of the independent commissioner on firm value was significant. Furthermore, the three proxies of good corporate governance significantly influenced profitability. In addition, profitability mediated the effect of the independent commissioner on firm value, but did not mediate the effect of managerial ownership and institutional ownership on firm value.

In Vietnam, Dang et al. (2020) investigated the impact of corporate governance (CG) and earning quality (EQ) on the corporate value (FV) of Vietnamese companies in Vietnam. The study employed GLS regression and a linear structural model to analyze the data from companies that were listed on the Vietnamese stock exchange from 2008 to 2018, totaling 2,937 observations. The findings show that EQ and CG, as represented by the Integrated Board of Directors and the Integrated Supervisory Board, have a direct and indirect positive impact on FV. The findings reveal that the Integrated Board of Directors has a positive impact on EQ, but the Integrated Supervisory Board has a negative impact. According to the findings, organizations must strictly adhere to and apply GC in order to reduce agency costs and, as a result, improve performance. Companies should also form a Board of Directors with the appropriate size, financial and accounting expertise, and female board members.

Worokinasih and Zaini (2020) investigated the mediating effect of corporate social responsibility disclosure on good corporate governance and firm value using a sample of 13 mining companies listed on the Indonesia Stock Exchange. By using the Partial Least Square (PLS) technique, the result showed that good corporate governance has a significant and positive effect on corporate value and corporate social responsibility does not significantly mediate the relationship between good corporate governance and firm value. Similarly, Lestari and Hanifah (2020) analyzed the impact of corporate governance and cash holdings on earnings quality and the implication on firm value. The study hypothesizes that earnings quality mediates the impact of corporate governance and cash holding on firm value. The banking sector was chosen as the object of research. The population consisted of the banking industry listed on the Indonesia Stock Exchange (IDX) in the period of 2013-2017. Data were analyzed by multiple regression models using SPSS software. The results show that corporate governance has a significant effect on earnings quality. But this influence shows the opposite direction of expectations. Banks with good corporate governance have lower earnings quality; only corporate governance has a significant effect on firm value with a negative direction. This study did not find the mediating effect from both variables.

In another study, Nurazi et al., (2020) empirically identified the impacts of Good Corporate Governance and capital structure on firm value with financial performance as the intervening variable. The scope of the manufacturing company of the metal, chemical and plastic packaging sector listed in the Indonesia Stock Exchange during the 2017-2018 periods was the population. Samples were chosen by purposive sampling method in which the company must report the financial statement in a row obtained in 79 observations. The data analysis technique used was financial ratio analysis to determine the condition of the business financial ratios of the variables studied. Data were analyzed using multiple linear regression analysis. The result shows that corporate governance and capital structure influence firm value. The result also shows that the impact of corporate governance and capital structure on the company value is mediated by financial performance. It means that the value of the firm can increase if the company is able to become an effective monitoring tool.

Using multiple regressions Meirini (2020) examined the effect of corporate governance and reporting quality on firm value for the year 2011-2013. The result indicates that the corporate governance index has a significant positive effect on firm value. However, the quality of reporting is negatively related and not significant to the value of the company.

This shows that investors do not pay much attention to the quality of financial statement as a basis for determining investors' decisions.

Based on the above reviewed, it was established that all the studies excluded the financial sector in their sample; only one study considered banking industry in Indonesia. Another thing is that most of them applied an index to measure corporate governance. In addition, none of the studies considered board diversity as part of their variable of the study and none of the studies had linked board attributes, earnings quality and value in Nigeria. These manifested gaps necessitate the need for the present study.

3. Research Methodology

The purpose of this study is to look into the impact of board attributes and firm value on listed insurance companies in Nigeria from 2009 to 2018, as well as the mediating effect of earnings quality. The firms and variables included in the study, as well as the data distribution patterns and statistical techniques used to investigate the impact of these variables (board size, board independence, women directors, and board meetings) on firm value (MP and Tobins'Q) with the mediating role of earnings quality are discussed in this section of the article. The non-survey method was used to obtain data for this study.

3.1 Population and sample size

The population of this study is made up of all the 27 quoted Nigerian Insurance on the Nigerian Stock Exchange. The criteria used for choosing the working population are listing latest by 2009 without being delisted and the availability of data for the period under study that is 2009 to 2018, therefore 15 companies met the criteria were included in the sample

3.2 Variables

Multiple regressions were employed in the conduct of this study. This technique of data analysis is used in ascertaining the effects of the independent variables on the dependent variable. Choice and selection of variables is influence by the past research and different study conducted by different scholars on the study variables. Therefore, the study used Structural Equation Modeling (SEM), as used by Chen et al (2016). SEM has advantage over traditional multivariate techniques; firstly, it is explicit in assessment of measurement error. Secondly, its estimation power of latent (unobserved) variables via observed variables and finally, model testing where a structure can be imposed and assessed as to fit of the data.

This study uses mediation analysis to investigate how our independent variable (board attributes) influences the dependent variable (firm value) through a mediating variable (earnings quality). Mediation analysis goes beyond describing the impact of the independent variable on the dependent variable in explaining why that relationship occurs (Hayes & Preacher, 2014). However, to test the mediation effect of earnings quality on the relationship between board attributes and firm value, the study used MacKinnon et al. (2007) proposed two steps; first, regressing the mediator on the independent variables to the test path c ; (Direct effect) and second, regressing the dependent variable on the independent variables controlling for mediating variable to test path c' (Indirect effects). They believe that the testing mediation analysis does not require a significant impact of the independent variable on the dependent variable as it represents the total effect of both the direct and the indirect and can be misleading. They believe that all that is required is for the indirect effect to be significant that is path c' .

3.2.1 Variables of the Study and their Measurements

This study used three types of variables, the dependent the explanatory and the mediating..

3.2.2 The Dependent Variable

This study used firm value as the dependent variable proxied by market price per share and Tobin's Q. The average market value per share was used ((Ibrahim & Salihu, 2015; Restuning, 2016; Alsufy et al., 2020). While Tobin's Q was proxied as market capitalization plus book value of debt divided by total assets, as used by (Restuning 2016; Ado et al., 2017; Khalid et al. 2017,).

3.2.3 The Mediating Variable

This study used the cross sectional variation of the modified Jones model (Dechow et al. 1995 and Jones 1991) to measure earnings quality a discretionary accrual was used a proxy. Discretionary accruals have been extensively used as a proxy for earnings quality/ earnings management. Dechow et al (1995) argued that the modified Jones model is the most powerful model for estimating discretionary accruals. Higher residuals indicate lower quality and vice versa, it is used by Fodio et al., (2013), Schrawat et al., (2019), Nwoye et al., (2020) and Daniel et al., (2020).

Discretionary accruals are obtained as follows:

$$DA = TACC - NDA$$

$$TACC = NDA + DA$$

Where TACC = Total accruals

NDA = Non-Discretionary Accruals

DA = Discretionary accruals

$$TACC_{it} = a_0 (1/ASSETS_{it} - 1) + a_1 (\Delta REV_{it} - \Delta REC_{it}) + a_2 PPE_{it} + E_{it}$$

Where TACC_{it} = total accruals in year t for firm i

ΔREV_{it} = revenues in year t less revenues in year t -1 for firm i

ΔREC_{it} = receivables in year t less receivables in year t -1 for firm i

PPE_{it} = gross property, plant and equipment in year t for firm i

E_{it} = error terms (residuals) in year t for firm i

All variables are scaled by total assets year t-1.

Note E_{it} (residuals) represents the discretionary accruals.

3.2.5 The Explanatory Variables

The explanatory variables comprise the independent and control variables. The independent variable is board attributes. The IV's are board size, board independence, board meetings and board diversity measured as follows;

a) Independent Variables

- i. Board Size (BS) is the number of directors on the board (Gulzar & Zongjun, 2011; Gill & Bigger, 2013; Tahir et al. 2020; Meirini, 2020; Fadiri et al. 2020)
- ii. Board Independence (BI) is measured by dividing the number of outside or non-executive directors by the total number of directors (Hassan, 2012; Mohammad, 2012; Hassan et al. 2020; Fadiri et al. 2020).
- iii. Board Meeting (BM) is the number of meetings held by the board within a year (Ntim & Osei, 2011; Gill & Bigger, 2013; Tahir et al. 2020)
- iv. Board Diversity (BD) is the ratio of female directors to the total number of directors (Dalton & Dalton, 2010; Ahmad et al. 2016; Gull, et al 2017; Charitau et al. 2017; Olum et al. 2019)

b) Control Variables

- i. Firm Size: Size is an important predictor of performance. Bigger companies seem to have better profitability than smaller firms (Abbasi & Malik, 2015 and Vijayakumar & Tamizhselvan 2010) assert that

organizational size has a significant impact on performance, which may lead to an increase in the market value of the company. This study used natural log of total assets as the proxy of firm size.

- ii. Firm Age: For the purpose of this study, firm age was proxied as the number of years since listing. This is consistent with Amran (2011), Samaila (2014) and Qasim, (2014), who proxied age as the year of listing on the stock exchanges.
- iii. Profitability: This refers to the net profit before interest and tax divided by total assets as used by Saad (2010) and Shehu (2014).

3.3 Model Specification

In order to evaluate the impact of board attributes on earnings quality, the study adopts with little modification the model used Haruna et al., (2018) as follows:

- a) Regress earnings quality (mediator) on board attributed (Independent variables) to confirm that BA is a predictor of EQ.

$$EQ_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BI_{it} + \beta_3 BM_{it} + \beta_4 GD_{it} + \beta_5 PROF_{it} + \beta_6 FS_{it} + \beta_7 AGE_{it} + \varepsilon_{it} \dots \dots \dots 1$$

- b) Regress market price (first dependent variable) on earnings quality (Mediator) and Board attributes (independent variable) to establish that EQ and BA are the predictors of MP.

$$MP_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BI_{it} + \beta_3 BM_{it} + \beta_4 GD_{it} + \beta_5 EQ_{it} + \beta_6 PROF_{it} + \beta_7 FS_{it} + \beta_8 AGE_{it} + \varepsilon_{it} \dots \dots \dots 2$$

- c) Regress Tobins'Q (second dependent variable) on earnings quality (Mediator) and Board attributes (independent variable) to establish that EQ and BA are the predictors of Tobins'Q.

$$TQ_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BI_{it} + \beta_3 BM_{it} + \beta_4 GD_{it} + \beta_5 EQ_{it} + \beta_6 PROF_{it} + \beta_7 FS_{it} + \beta_8 AGE_{it} + \varepsilon_{it} \dots \dots \dots 3$$

Where:

MP= Average market Price per share

Tobin's Q = Market capitalization plus total debt divided by total assets

EQ= Earning quality

BS= Board Size

BI= Board Independence

BM= Board Meetings

GD= Gender diversity

PROF= Profitability

FS= Firm size

AGE = Firm Age

β_0 = Intercept

$\beta_1 - \beta_9$ =Coefficients

ε = error term

4. Results and Discussion

The statistical software Stata (version 14) was used to examine the relationship between the study's variables. The statistical properties of the variables in the study model are simply represented by descriptive statistics. Such data can be found in Table 1 below. All of the variables were gathered from the necessary information in the sampled companies' directors' reports and financial statements.

Table 1: Descriptive statistics result

Variables	OBS	Mean	Std. Dev.	Min	Max	Skewness	Kurtosis
MP	150	0.624	0.251	0.470	1.280	1.966	5.305
TQ	150	0.873	0.246	0.551	1.344	0.509	2.328
BS	150	9.453	2.410	4	16	0.378	3.166
BI	150	0.655	0.112	0.380	0.91	-0.080	2.515
WD	150	0.133	0.117	0	0.5	0.869	3.336
BM	150	4.727	0.874	4	6	0.559	1.549
EQ	150	0.094	0.087	0	0.560	1.849	8.070
SIZE	150	9.960	0.202	9.626	10.273	-0.070	2.040
ROA	150	0.024	0.068	-0.099	0.126	-0.294	2.306
AGE	150	13.967	8.066	2	29	0.454	1.827

Source: Generated by the researcher from the Annual Reports and Account of the sampled companies using STATA 14.0

Table 1 shows the descriptive statistics of the dependent, mediating, and explanatory variables used in the study. The major task in most statistical analyses is to characterize the location and variability of the data set. One of the methods used in the characterization of the data is Skewness and kurtosis. It is checked to prove the normality of the data. Skewness is a measure of symmetry. In this analysis, the winsorization method was employed. Therefore, three variables, market price (MP), Tobin’s Q (TQ) and return on asset (ROA), that have an unusual observation and extreme values are transformed and normalized through winsorization at 10% to avoid outliers' effect within the distribution. This is consistent with Al-Gamrh et al. (2018) and Armayau (2019).

As presented in Table 1, the Average board size measured by the number of board members was nine members, whereas the minimum and maximum values were 4 and 16 members. This ratio is similar to the results of Wenhua et al., (2020),

who found 5 and 17 for Chinese listed firms and lower than Hassan et al. (2020), who found 3 and 15 for Egyptian firms. This finding shows that the Nigerian Insurance companies have followed the guidelines of the NAICOM code of corporate governance (2009) regarding the board's membership. However, some of these companies have not followed the requirement by having four (4) members on the board of directors, which is less than the minimum number of five (7) and have (16) which is more than the maximum number of (15) board members, according to the NAICOM code of corporate governance of Nigeria (2009). This result means that some of the Nigerian Insurance companies have not complied with the requirements of the Code of Corporate Governance (2009) of the industry, which stated that the board members should not be less than seven and not more than 15 members.

In Table 1, the results show that the average of board independence was 66%, whereas the minimum and maximum values were 38% and 91%, respectively. It means that some of the industry's sampled companies have not complied with the minimum requirement of not less than 60% of the board members should be independent, which falls below the minimum requirement, in comparison; others have about 91% of their board members independent. This ratio is higher than the results of Arif (2019), who reported 22% and 67% for Pakistani Listed insurance companies. This result shows partial compliance with the NAICOM Code of Corporate Governance (2009), which stated that, the majority of board members should be non-executive director

Also, Table 1, indicates that Women Directorship shows a mean of 13%, which indicates that on average 13% of the board members of the sampled companies, were women with a minimum of 0 and a maximum of 50% members. This is lower than Akpotor et al., (2019) who reported mean of 91% in some selected Nigerian companies. The result suggests that some companies all have male as board members, while some have 50% of their board members as women. However, there is no provision in the NAICOM Code of Corporate Governance that requires a company to have women in their board, but diversity of board members is encouraged.

The Table also shows that on average, five meetings were held by the boards of the sampled companies in each financial year, the minimum and maximum values were 4 and 6, respectively. This result is lower when compared with the work of Hassan et al. (2020), who found the maximum number of meetings held by Egyptian firms was 15 times. A standard deviation of 0.87 indicates that the firms vary in the number of meetings they held during the period. This result means that the Nigerian Insurance companies have complied with the NAICOM Code of Corporate Governance (2009), which stated that the board should meet at least four times in a year. This result indicates that the company's board of directors meets commonly and suggests that they address the issues relating to the company.

Correlation Result:

The correlations between the dependent and independent variables are presented in Table 2. The correlation matrix Table shows the relationship between all the pairs of the variables in the regression model and the relationship between all the explanatory variables individually with the explained variable, and the relationship between all the independent variables themselves. This gives an insight into the extent of the pairs of the independent variables.

Table 2: Spearman Correlation Matrix

VARIABLES	MP	TQ	BS	BI	WD	BM	EQ	SIZE	ROA	AGE	VIF
MP	1.000										
TQ	0.105	1.000									
BS	-0.205	-0.121	1.000								1.24
BI	0.202	-0.075	0.048	1.000							1.15
WD	-0.014	-0.086	-0.268	-0.075	1.000						1.09
BM	0.190	-0.047	0.247	0.281	-0.071	1.000					1.18
EQ	0.038	0.191	-0.222	0.120	-0.024	-0.122	1.000				1.36
SIZE	0.367	-0.374	0.166	0.226	0.147	0.249	-0.139	1.000			1.08
ROA	0.343	-0.252	-0.005	0.035	0.023	0.025	-0.161	0.191	1.0000		1.30

AGE	0.059	-0.378	0.055	0.126	0.038	0.027	-0.054	0.201	0.152	1.0000	1.06
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Source: Computed using Stata 14.0 from Annual Reports and Accounts of the sampled firms 2009-2018

Table 2 shows the correlation coefficients on the relationship between the dependent variable (MP) and (TQ) and the explanatory variables (Board Size, Board Independence, Women Directorship, Board Meetings, Size, ROA, and Age). The sign of the correlation coefficient indicates the direction of the relationship (positive or negative). The absolute values of the correlation coefficient indicate the strength, with larger values indicating more substantial relationships. The correlation coefficients on the main diagonal are 1.00 because each variable has a perfect positive linear relationship with itself. As shown in Table 2, the correlation coefficient of board size and MP is -0.2053, which is not close to 1. This indicates that board size is weakly negatively correlated. The Table shows that women's directorship has positively correlated with MP, although the relationship is weak a coefficient of -0.0138, which is far from 1.

Table 2, also shows that MP correlates positively with board independence (BI), board meetings (BM), firm size, return on assets (ROA), and age in the Nigerian insurance companies, but the relationship is weak, as evident from the coefficient of 0.2022, 0.1900, 0.3885, 0.3411 and 0.0593, respectively. The relationship between the market price and the quality of reported earnings (EQ), which is the mediator, is positive also very weak with a coefficient of 0.0384. Furthermore, as shown in Table 2, the correlation between board size, board independence, board meetings and women directorship and the dependent variable TQ is negative and weak with a coefficient of -0.1209, -0.0751, -0.0466 and -0.0807 respectively, which is not close to 1. This indicates that all the independents variables were negatively correlated with firm value proxy by TQ.

Table 2 also shows that TQ correlates negatively with all the control variables of firm size, return on assets (ROA), and age in the Nigerian insurance companies, and the relationship is strong, as evident from the coefficient of -0.3743, -0.2521, and -0.3776, respectively. The relationship between the TQ and the quality of reported earnings (EQ), which is the mediator, is positive with a coefficient of 0.1914.

To determine the presence of the collinearity problem, a Variance Inflation Factor (VIF) test was carried out, the results of which provided evidence of the absence of collinearity. This is because the results of the variance inflation factor (VIF) test ranges from a minimum of 1.06 to a maximum of 1.36 VIF of 5.00 is considered proof of the absence of collinearity (Barde 2009 and Samaila 2014). Hence, the predictive ability of the independent variables will not adversely be affected by the relationship. Therefore, this study proved the absence of collinearity.

Regression Result:

Regression model was developed to test the impact of independent variable on dependent variable. Table 3 presents the regression result of model 1 (Direct Effects), which addresses the impact of board attributes (BA) on the mediator (EQ)

Table 3: Model I – Direct Effects (Board Attributes and Earnings Quality)

Model I	Path	Coefficient	z-value	P-value
	BS —> DA	-0.0075	-2.48	0.013**
	BI —> DA	0.1410	2.20	0.028**
	WD —> DA	-0.0425	-0.70	0.485
	BM —> DA	-0.0101	-1.21	0.226
	SIZE—> DA	-0.0342	-0.93	0.354

AGE —>DA	-0.0002	-0.28	0.778
ROA —> DA	-0.1886	-1.85	0.064*
R ²			
DA	0.117		
Prob> Chi ²	0.0000		

Source: STATA 14.0 outputs based on data generated (2009-2018). *, ** indicate significance level at 10% and 5% respectively

The first model considered in this research is Discretionary accruals (DA) is the inverse measure of earnings quality (EQ), and regress the model with the independent variables. Table 4.4 reveals a cumulative R² of 0.117 suggests that the explanatory variables (BS, BI, WD, BM, SIZE, AGE and ROA) considered by the model explain 12% of the change in EQ. other variables not covered by the model bring about 88% of the change in the variable. it can also be observed that the model fits (0.000). This implies that the overall model is fit in explaining the level of the variability between the dependent and explanatory variables.

The result shows that the relationship between board size and discretionary accruals is negative and significant at 5%. This can be justified with a negative Z value of -2.48 and a p-value of 0.013. Also, the negative coefficient of -0.0075 is evident that with an increase in board size by one person while other variables remain constant, there will be an increase in the quality of reported earnings of the Nigerian listed insurance companies. This implies that the board is monitoring the activities of the management to avoid earnings manipulation. It also supports the stakeholders' theory, which says the board should consist of many members as more members in the board lead to the reduction of earnings management. These findings is consistent with the findings of Fodio et al. (2013), Ibrahim (2013), Wali (2014), Lilian et al. (2016), Egbunike & Odum (2018), and Khan et al. (2019), who discovered that board size improved the level of earnings quality. But is contrary to that of Rahman & Ali (2006), Ahmed et al. ((2006), Salihi (2014) and Oyebamiji (2020), who revealed that larger board does not improve the quality of reported earnings. Also, contrary to the position of Schrawat et al. (2019), Tunji et al. (2019), Al Azeez (2019), Hassan et al. (2020), and Daniel et al. (2020), who documented that board size does not determine earnings quality.

The regression result in Table 3 reveals that board independence measured by the proportion of independent directors on the board is positively and significantly related to discretionary accruals at 5% level of significance. This is confirmed with a positive coefficient of 0.1410. Unexpectedly, this implies that independent directors do not monitor and control the excesses of executive directors. Thereby they cannot protect and defend the interests of shareholders and other stakeholders. Independent directors are free from managerial influence and capable of monitoring executive directors effectively and improving the quality of the financial information conveyed to users (Ibrahim, 2014). Also, this study finds that the increase in the percentage of independent directors on the board has a positive role in determining the quality of Nigerian insurance firms' earnings. This could be because outside members do not partake in the running of the affairs of the firm; their existence may provide an effective monitoring tool to the board and thus produce higher quality financial reports. The finding is consistent with the prior studies of Lilian et al. (2016), Fadizilah (2017), Schrawat et al. (2019), and Oyebamiji (2020). They found a positive and significant relationship between board independence and earnings management. Conversely, the findings, however, contradict those of Sukeecheep et al. (2013), Fodio et al. (2013), Ibrahim (2014), Wali (2014), Al Azeez (2019), Samaila (2014), Egbunike & Odum (2018) and Hassan et al. (2020). Who found that board independence does not improve earnings quality.

Furthermore, women's directorship is negatively and insignificantly related to the discretionary accruals of the quoted insurance companies in Nigeria. This implies that board diversity does not determine the quality of the reported earnings of the Nigerian insurance companies. A p-value of 0.485 and a coefficient of -0.0425 confirm the finding. This finding is ab consistent with that of Hashim et al. (2019) and Olum et al., (2019) and not in agreement with that of Shuaibu (2014), Abubakar et al. (2017), and Al Azeez et al. (2019). They found that board diversity has a negative and significant impact

on earnings management. But Hoang et al. (2014) discovered a significant positive effect of board diversity on the reported earnings quality.

Board meetings have a negative but statistically insignificant impact on the quality of financial reporting. This is evident from the coefficient of -0.0101 and a p-value of 0.226. This is inconsistent with Sukeecheep et al. (2013), Rajaevan & Ajward (2019), Al-Mukit & Keyamoni (2019), Hassan et al. (2020), and Oyebamiji (2020). This finding implies that boards that meet frequently do not take decisions that will improve that quality of the reported earnings. They only meet to consider other issues that have nothing to do with the quality of the reported earnings. The findings contradict the work of Al-Shammari (2010), Samaila (2014), Shuaibu (2014), and Mustapha et al. (2019).

Model Two & Three (Indirect effect) Board Attributes, Earning Quality and Firm Value

The regression results of model two and three which covers the impact of BA (independent variable), EQ (mediating variable) and FV (dependent variable). In this analysis, Monte Carlo method which sometimes called parametric resampling techniques was used to determine the significance of the indirect effects. The approach involves computation of the indirect effect and the standard error estimates for the separate coefficient for the full sample. The result is presented in table 4.

Table 4: Significance Testing of Indirect effect (Monte Carlo)

Path	Coefficient	LLCI	ULCI	z-value	P-value
BS—>DA—>MP	-0.014	-0.052	0.015	-0.854	0.393
BI—>DA—>MP	0.012	-0.014	0.047	0.860	0.420
WD—>DA—>MP	-0.004	-0.026	0.011	-0.441	0.659
BM—>DA—>MP	-0.007	-0.034	0.010	-0.643	0.520
BS—>DA—>Tobins’Q	-0.023	-0.066-	0.008	-1.208	0.227
BI—>DA—>Tobins’Q	0.019	-0.007	0.060	0.129	0.257
WD—>DA—>Tobins’Q	-0.006	-0.034	0.013	-0.546	0.585
BM—>DA—>Tobins’Q	-0.011	-0.043	0.008	-0.836	0.403

Source: Zhao et al. (2010) procedure for STATA 14.0 outputs (MEDSEM) based on data generated (2009-2018).

The indirect effect shows that board size has shown a beta coefficient of (-0.014 and -0.23) this mean that board size has a negative relationship with market price of shares and Tobins’Q through discretionary accruals. Also, the ratio of indirect to total effect (RIT) of 4% and 27% is indicating that about 4% and 27% of the effect of BS on MP and Tobins’Q is mediated by earnings quality. Even though there is domination of total effect of BS on firm value, but the mediational effect is not significant from Monte Carlo test of significance level. This can be confirmed with a p-value of (0.393 and 0.227) for MP and Tobins’Q respectively. It suggests that the earning quality does not significantly mediate the relationship between board size and the value of the listed insurance companies in Nigeria. It shows that board size has a negative and significant effect on value through discretionary accruals. It is evident from the results that, as board size increases, the value decreases through the inclusion of the mediating variable (discretionary accruals).

The findings suggested that earnings quality increases the impact of board size on firm value. A possible explanation for this is that the agency theory proposes smaller boards for the effective management of the firm. It is believed that when board size increases, agency problems in the boardroom increase simultaneously, leading to more director-free-riding issues and internal conflicts among directors (Ning et al., 2010). Larger boards are generally perceived to be less effective in exchanging ideas and increasing the coalition costs amongst board members (Firth et al., 2007). Hence, companies should appoint members of a proper size on the board to checkmate the management's activities, thereby reducing earnings manipulation to increase value. This finding support the works of Sarun (2016), Restuning (2016), and Khalid et al., (2017), who discovered that earnings quality does not significantly mediate the relationship between corporate governance and firm value. Consequently, earnings quality does significantly mediate the relationship between board size and the firm value of the listed insurance companies in Nigeria.

Furthermore, it can be observed from table 4, BI has a positive influence on firm value, this proven by the positive coefficient (0.012 and 0.047). The RIT of 15% and 10% is signifying that about 15% and 10% of the effect of BI on MP and Tobins'Q is mediated by earnings quality. However, the significance test of the indirect effect shows an insignificant p-value of (0.420 and 0.259) for MP and Tobins'Q respectively. This implies that EQ does not significantly mediate the relationship between BI and firm value. Therefore the null hypothesis (H3b) is accepted.

Also from the result in table 4, WD shows a negative indirect effect on MP and Tobins'Q. This can be confirmed with a coefficient of (-0.004 and -0.006) and LLCI and ULCI of (-0.026 & 0.011 and -0.034 & 0.013). In addition, the RIT of 3% and 15% is indicating that about 3% and 15% of the effect of WD on MP and Tobins'Q is mediated by EQ, yet the mediated effect is insignificant and can be seen from the p-value of (0.659 and 0.585) for MP and Tobins'Q.

Equally, the result of the indirect effect shows that BM has shown a beta coefficient of (-0.007 and 0.011) this mean that BM has a negative relationship with market price of share and Tobins'Q through discretionary accruals. Likewise the ratio of indirect to total effect (RIT) of 5% and 23% is indicating that about 5% and 23% of the effect of BM on MP and Tobins'Q is mediated by earnings quality. Nevertheless, the mediational effect is insignificant form the P-value of (0.520 and 0.403) for both MP and Tobins'Q.

Therefore, based on the discussions above, it can be deduced that earnings quality does not significantly mediates the relationship between board attributes and firm value of listed Nigerian Insurance companies.

5. Conclusion and Recommendations

The effectiveness of a corporation's management is primarily dependent on the board of directors' quality and commitment, as they are supposed to oversee the firm's operations using ethical and professional standards to guarantee that corporate affairs are in line with corporate objectives. As a result, the board of directors play a crucial role in ensuring that the firm achieves its goals by maximizing shareholder wealth, increasing share price, and monitoring the manager's activities in order to reduce earnings management practices so as to ensure earnings quality. Hence, the study discovered Discretionary accrual does not significantly mediate the relationship between board size, board independence, board meetings and women directorship with market price per share and Tobins'Q. As a result, the study concludes that the direct relationship between board attribute mechanisms and company value is more relevant than the indirect relationship mediated by earnings quality. It was found that the direct link between boards attributes mechanisms and firm value, as well as the direct link between board attributes and earnings quality outweighs the link mediated by earnings quality imply that a better corporate board has a larger take, which improves the firm's value and thus increases earnings quality. Hence, the study suggests that Also, investors should pay more attention to companies with high number of directors, as provided in the NAICOM code of corporate governance. Also, NAICOM should ensure rigorous adherence to the corporate governance code, which has a substantial impact on the firm value of Nigeria's listed insurance companies.

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