

IMPACT OF OWNERSHIP STRUCTURE ON FINANCIAL PERFORMANCE OF LISTED INSURANCE FIRMS IN NIGERIA

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Abstract

This study examines the impact of ownership structure on the financial performance of listed insurance firms in Nigeria. The study focused on three ownership dimensions which includes managerial ownership, institutional ownership and foreign ownership and evaluates their influence on financial performance measured by return on assets (ROA). The study adopted a correlational research design using secondary data obtained from the annual reports of twenty-three (23) sampled insurance firms filtered from a population of twenty-seven (27) listed insurance firms on the Nigerian Exchange Group (NGX) for the period 2015–2024. Multiple regression was used in examining the relationships among the variables and ordinary least square (OLS) was used to estimate the relationship between the dependent variable and the independent variables. The findings of the study indicate that managerial ownership and institutional ownership have significant negative effects on financial performance, whereas foreign ownership has a significant positive effect. The study recommends strengthening corporate governance, balancing ownership concentration, and encouraging foreign investment to improve the performance and sustainability of Nigeria's insurance industry.

Keywords: ownership structure, financial performance, listed insurance firms, Nigeria

1. Introduction

Performance is a necessary measure of evaluating the sustainability and viability of any venture or business. This varies from physical growth trajectory, products and outlets expansion, asset increases, share price increases, sales turnover increase, profitability, which can be broadly classified into financial and non-financial performance. Financial performance refers to a firm's ability to generate revenue, profits, returns, and shareholder value through the efficient use of its resources (Ross et al., 2018).

Financial performance is commonly assessed using indicators such as revenue growth, profit margin, return on assets (ROA), and return on equity (ROE). Among these, ROA is widely used in ownership structure studies because it measures how effectively a company utilizes its assets to generate net income. ROA reflects management efficiency, supports profitability comparisons across firms, guides investment decisions, and helps identify operational improvements. Financial performance of firms is influenced by the business decisions and actions by the managers which varies according to asset utilization, profit margins, firm size, industry characteristics, and ownership structure.

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Ownership structure is the distribution of equity ownership, voting rights, and control among a firm's shareholders, influencing corporate governance, managerial accountability, and financial performance. Jensen and Meckling (1976) viewed it as a mechanism for aligning the interests of shareholders and managers, while Demsetz and Lehn (1985) argued that it is shaped by firm- and industry-specific factors. La Porta et al. (1999) emphasized the allocation of voting and cash flow rights.

Ownership structures vary across different firms; sole proprietorships, partnerships and corporations. Corporations may be private, with restricted share ownership, or public, where shares are listed and traded on the Nigerian Exchange Group (NGX). Also, different ownership structure exists in public corporations depending on the share ownership & voting rights which has a direct influence on decision making of the firm. The most common ownership structures are managerial ownership, institutional ownership, foreign ownership, family ownership.

Managerial ownership refers to the proportion of a firm's shares held by managers and executives, aligning their interests with those of shareholders (Jensen & Meckling, 1976). Muhammad et al. (2013) described it as managers simultaneously serving as shareholders, thereby enhancing their commitment to maximizing firm value and financial performance. Institutional ownership refers to the proportion of a firm's shares held by institutional investors such as pension funds and mutual funds (Jensen & Meckling, 1976). It enhances corporate governance through effective monitoring (Miglo, 2007; Bissessur, 2008) and is measured as institutional shareholdings divided by total outstanding shares (Zhang, 2007).

Foreign ownership refers to the proportion of a firm's shares held by foreign individuals or institutions, bringing international expertise, capital, and stronger corporate governance practices (Agmon & Lessard, 1977; Usman & Yero, 2012). Firm age is considered as a control variable because experience and market presence can significantly influence financial performance.

Insurance firms are a vital tool that stimulates every nation by providing financial protection through managing risks through products such as life, health, property and liability insurance. In Nigeria, insurance firms operate under diverse ownership structures, including managerial, institutional, and foreign ownership which varies their decision making and strategic goals.

This study examines how this ownership structures influence financial performance, measured by return on assets (ROA). Nigeria's insurance industry has experienced significant changes in ownership structure due to economic reforms, recapitalization, regulatory changes, privatization, and capital market development within the past 10 years. These transformations have renewed interest in how ownership structure affects firm performance. Therefore, this study examines the relationship between ownership structure and the financial performance of insurance firms listed on the Nigerian Exchange Group (NGX).

Despite regulatory reforms by the Federal Government and the National Insurance Commission (NAICOM), including recapitalization, risk-based supervision, and stronger corporate governance guidelines, many insurance firms continue to record weak financial performance. This is reflected in low insurance penetration, rising claims and operating

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costs, declining profitability, solvency challenges, regulatory sanctions, and reduced investor confidence.

National Insurance Commission (2024) observed that rising claims costs reduced the profitability of many listed insurance firms. In the years 2020 and 2024, claims costs increased substantially across Nigeria's insurance industry. Gross claims grew from ₦247.23 billion in 2020 to ₦323.80 billion in 2021, then to approximately ₦348.44 billion in 2022, reflecting improved claims settlement and expanding insurance business.

By 2023 listed insurance firms continued to report significant increases in claims payments due to inflation, foreign exchange depreciation, and rising replacement costs. In 2024, industry claims reached approximately ₦622 billion, equivalent to about 40% of gross written premiums. At the same period, they experienced operating expenses increased because of higher staff costs, technology investments, regulatory compliance (including IFRS 17 implementation) and general inflationary pressures. Although premium income also increased, the rapid growth in claims and operating costs compressed underwriting margins and heightened pressure on insurers' profitability.

The relationship between ownership structure and financial performance has received considerable empirical attention; however, findings remain mixed and inconclusive. In Nigeria, Afolabi et al. (2021) examined the effect of ownership structure on the financial performance of quoted non-financial firms in Nigeria. The findings revealed that managerial ownership had a negative but statistically insignificant effect on ROE, while institutional ownership and ownership concentration also had no statistically significant effects on financial performance.

Salihu et al. (2024) findings revealed that managerial ownership, institutional ownership, and ownership concentration had significant positive effects on firm performance, whereas Olanisebe et al. (2025) found that managerial, institutional, and foreign ownership had insignificant effects on the financial performance of listed consumer goods firms. Yahaya (2025) reported that institutional and foreign ownership improved performance, but government ownership reduced it. Similar inconsistencies exist in other emerging economies.

Alruwaili et al. (2024) investigated the influence of ownership structure on the performance of Saudi listed corporations. The findings revealed that ownership structure significantly influences firm performance, although the magnitude and direction of the effects varied across ownership categories. Naidu et al. (2025) observed that the effects of different ownership categories varied across South African firms: managerial ownership had a positive effect on ROE but a negative effect on Tobin's Q, while family ownership was associated with poorer firm performance, particularly in terms of market value. The study concluded that ownership structure significantly influences firm performance, but the effects differ across ownership categories.

Despite these studies, empirical gaps remain because most previous research focused on manufacturing, banking, or broad financial sectors rather than the Nigerian insurance industry. In addition, varying performance measures and conflicting findings have limited consensus on the ownership and financial performance relationship. Furthermore, many studies predate recent NAICOM reforms. These gaps justify examining the effects of managerial, institutional, and foreign ownership on the financial performance of listed Nigerian insurance firms during the 2015–2024 post-reform period.

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The following questions were raised and answered:

- i. Does managerial ownership influence financial performance of listed insurance firms in Nigeria?
- ii. Does institutional ownership influence financial performance of listed insurance firms in Nigeria?
- iii. Does foreign ownership influence financial performance of listed insurance firms in Nigeria?

The study seeks to examine the impact of ownership structure on the financial performance of listed insurance firms in Nigeria by specifically:

- i. Investigating how managerial ownership impacts on financial performance of Insurance firms in Nigeria.
- ii. Examining how institutional ownership impacts on financial performance of Insurance firms in Nigeria.
- iii. Determining how foreign ownership impacts on financial performance of Insurance firms in Nigeria.

In line with the specific objectives of the study, the study hypotheses were formulated in null form:

- H₀₁:** There is no significant impact of managerial ownership on financial performance of listed insurance firms in Nigeria.
- H₀₂:** There is no significant impact of institutional ownership on financial performance of listed insurance firms in Nigeria.
- H₀₃:** There is no significant impact of foreign ownership on financial performance of listed insurance firms in Nigeria.

Insurance firms play a vital role in mitigating risks faced by individuals, businesses, investors, and the economy. To effectively perform this role, Nigerian insurance firms must achieve strong financial performance and expand insurance coverage across the country's large population and business environment. Therefore, the study provides evidence that guides managers and boards of insurance firms in adopting optimal ownership structures that enhance corporate governance, risk management, and financial performance. The study assists industry practitioners and policymakers in understanding how ownership structure influences firm performance, insurance penetration, and long-term sustainability, thereby supporting the implementation of insurance sector reforms.

The study covered all insurance firms listed on the Nigerian Exchange Group (NGX) from which twenty-three (23) insurance firms were sampled from a population of twenty-seven (27) given the sector's critical role in promoting economic growth through risk management, financial protection, and investment mobilization. The study period spanned ten years (2015–2024), corresponding to the National Insurance Commission (NAICOM) reform era, characterized by recapitalization, risk-based supervision, insurance industry development plans, and increased digitalization aimed at strengthening industry stability, solvency, and insurance penetration.

2. Literature Review

This section discusses the conceptual framework of the independent variables in the area of ownership structure and dependent variable of financial performance, the

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relevant theories that scholars explain ownership structure and financial performance and the empirical studies carried out are reviewed.

Conceptual Framework

The conceptual framework of ownership structure and financial performance of listed insurance firms in Nigeria is presented in figure 1.

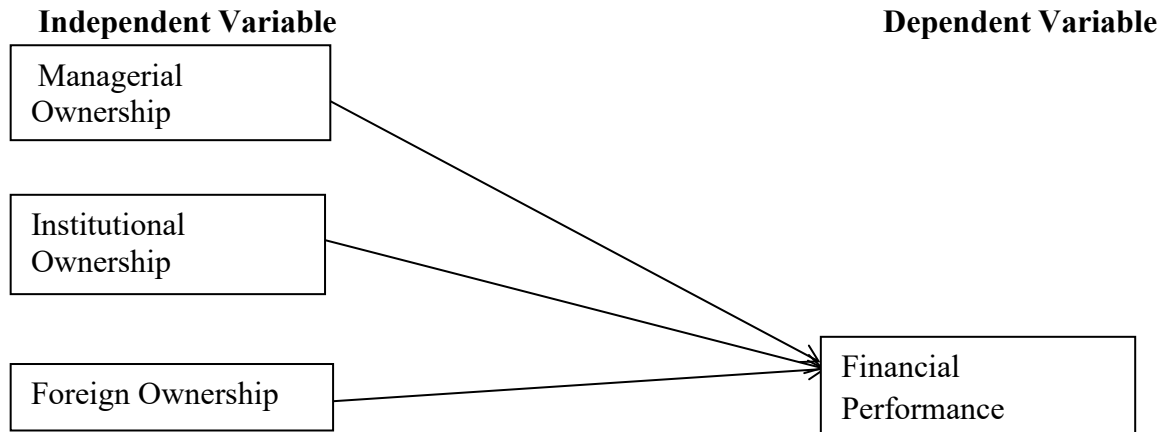


Figure 1: Conceptual Framework

Source: Author's compilation, 2026

Financial performance

Financial performance is essential to the survival, growth, and sustainability of business organizations because it reflects their ability to generate returns for investors, creditors, and other stakeholders. It is commonly evaluated using indicators such as profitability, revenue growth, return on assets (ROA), return on equity (ROE), cash flow, and asset utilization (Almajali et al., 2012).

Chen et al. (2024) conceptualized financial performance as an organization's overall financial health, reflected in its ability to generate profits, utilize assets efficiently, meet financial obligations, and create value for shareholders. Similarly, Bagana et al., (2024) described financial performance as the extent to which a firm transforms its financial and operational resources into profitability, liquidity, efficiency, and shareholders' returns, reflecting management's effectiveness in achieving corporate objectives.

Nnedu (2025) defined financial performance as a firm's capacity to generate sustainable financial returns while maintaining operational efficiency and long-term stakeholder value through sound governance and transparency. Likewise, Nogueira et al., (2025) viewed financial performance as the economic outcome of efficient resource utilization, resulting in sustainable profitability, growth, competitiveness, and long-term business success. They emphasized that financial performance should be assessed from both financial and sustainability perspectives.

This study adopts Return on Assets (ROA) as the proxy for financial performance because it is one of the most widely used accounting-based measures in corporate governance research (Weir & Laing, 2001; Kiel & Nicholson, 2003). ROA measures the efficiency with which management utilizes a firm's total assets to generate net income and is calculated as net income divided by total assets (Finkelstein & D'Aveni, 1994).

Ownership structure

Sabri et al. (2024) viewed ownership structure as the pattern through which corporate ownership is distributed among shareholders, thereby determining control rights, monitoring responsibilities and managerial accountability. They maintained that different ownership arrangements significantly influence corporate governance systems, strategic decisions and long-term organizational sustainability.

Adamu (2024) conceptualized ownership structure as the allocation of equity interests among different classes of investors whose ownership rights shape corporate disclosure practices, governance quality and risk management decisions. The study emphasized that ownership configuration determines how effectively shareholders influence management behaviour and corporate transparency.

Managerial ownership

Al-Matari and Alosaimi (2024) conceptualized managerial ownership as the proportion of a company's outstanding shares owned directly or indirectly by executive directors, chief executive officers, and senior managers. According to the authors, managerial ownership aligns the interests of managers with those of shareholders by encouraging managers to pursue decisions that maximize long-term shareholder wealth while reducing agency conflicts.

Nguyen et al., (2024) defined managerial ownership as the percentage of equity held by members of a firm's management team, including executive directors and top-level managers, which provides them with ownership rights and voting power over corporate decisions. They argued that managerial ownership enhances managerial commitment, improves monitoring efficiency, and strengthens corporate governance.

Institutional ownership

Fulgence et al. (2024) conceptualized institutional ownership as the proportion of a company's outstanding shares held by institutional investors such as pension funds, insurance companies, mutual funds, investment trusts, commercial banks, and asset management firms. According to the authors, institutional ownership strengthens corporate governance by improving monitoring mechanisms, enhancing transparency, and reducing managerial opportunistic behaviour.

Ackah et al. (2024) defined institutional ownership as the percentage of corporate equity owned by financial institutions and other professional investment organizations that possess the expertise and resources to monitor management effectively. They argued that institutional investors play a significant role in promoting accountability, improving governance quality, and influencing strategic corporate decisions.

Foreign ownership

Yi, Yao and Su(2024) conceptualized foreign ownership as the proportion of a company's outstanding shares held by foreign individuals, multinational corporations, foreign institutional investors, or overseas investment funds. The authors explained that foreign ownership enhances corporate governance by introducing international monitoring standards, improving internal control systems, and strengthening managerial accountability.

Jiang et al. (2025) defined foreign ownership as the ownership interest held by foreign corporate shareholders who invest in domestic firms and actively participate in corporate governance. According to the authors, foreign ownership provides firms with

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superior monitoring, innovation capabilities, better investment decisions, and improved corporate performance through effective shareholder oversight.

Empirical reviews

Studies relating to ownership structures and financial performance by different scholars were reviewed for more insight as follow:

Managerial Ownership and Financial Performance

Recent empirical studies have reported mixed evidence on the relationship between managerial ownership and financial performance. Nel et al., (2024) found that moderate managerial ownership strengthened the relationship between executive remuneration and Return on Assets (ROA) among Johannesburg Stock Exchange-listed firms, but excessive ownership weakened long-term shareholder returns, suggesting managerial entrenchment.

Similarly, Zhang (2025) reported that managerial ownership significantly improved the financial performance of Chinese private firms by aligning managers' and shareholders' interests, whereas its effect was weak in state-owned enterprises due to institutional constraints. In contrast, Altania and Tanno (2025) found that managerial ownership had a negative but statistically insignificant effect on the financial performance of Indonesian listed firms because managers held relatively small equity stakes. Overall, these studies suggest that the impact of managerial ownership on firm performance depends on ownership concentration, governance quality, and institutional context.

Institutional Ownership and Financial Performance

Empirical studies recently consistently report a positive relationship between institutional ownership and financial performance. Yahaya (2025) found that institutional ownership significantly improved the Return on Assets (ROA) of Nigerian listed firms by strengthening managerial discipline and reducing agency costs.

Similarly, Nel et al. (2025) reported that institutional investors enhanced the relationship between executive remuneration and firm performance among Johannesburg Stock Exchange-listed companies by improving shareholder monitoring and corporate governance. Likewise, Nnadozie et al. (2025) found that institutional ownership had a positive and significant effect on the financial performance of Nigerian listed firms, attributing this to effective oversight of management and improved governance practices.

Foreign Ownership and Financial Performance

Recent studies present mixed evidence on the effect of foreign ownership on financial performance. Le Thi My Hanh and Le Trung Hieu (2025) found that foreign ownership significantly improved the financial performance of Vietnamese listed firms before, during, and after the COVID-19 pandemic, attributing the gains to capital inflows, managerial expertise, and stronger governance. Similarly, Joshua and Obiora (2025) reported a positive and significant relationship between foreign ownership and the Return on Equity (ROE) of Nigerian quoted firms, concluding that foreign investors enhance governance and investment efficiency.

Also, Olanisebe et al. (2025) found that foreign ownership had a positive but statistically insignificant effect on the Return on Assets (ROA) of Nigerian consumer goods firms. Overall, the findings suggest that while foreign ownership can improve firm performance, its effectiveness depends on firm characteristics, governance quality, and the prevailing institutional environment.

Theoretical Review

The study discussed agency theory, stewardship theory, and stakeholder theory.

Agency Theory

Agency Theory was developed by Jensen and Meckling (1976) to explain the relationship between shareholders (principals) and managers (agents) arising from the separation of ownership and control in modern corporations. The theory argues that managers may pursue personal interests that conflict with shareholders' objective of wealth maximization, thereby creating agency problems and increasing agency costs.

To reduce these conflicts, ownership structures such as managerial, institutional, family, and foreign ownership are considered effective governance mechanisms because they improve monitoring and align managers' interests with those of shareholders. The theory further suggests that higher managerial ownership can enhance firm performance by reducing conflicts of interest, while concentrated ownership enables shareholders to effectively monitor management and improve corporate performance.

Stewardship Theory

Stewardship Theory was developed by Donaldson and Davis (1991). Unlike Agency Theory, it assumes that managers are trustworthy stewards who naturally act in the best interests of shareholders rather than pursuing personal gains. The theory posits that managers are motivated to maximize organizational performance, shareholder wealth, and the long-term value of the firm. Consequently, empowering managers and fostering trust can lead to better utilization of organizational resources, improved decision-making, and enhanced financial performance.

Stakeholder Theory

Stakeholder Theory was developed by Freeman (1984) and further expanded by Freeman et al. (2004). The theory argues that firms should create value not only for shareholders but also for all stakeholders, including employees, customers, suppliers, creditors, governments, and host communities. It suggests that managers should balance the interests of these groups to ensure sustainable business success and long-term financial performance. By maintaining positive relationships with stakeholders and aligning their interests with organizational goals, firms can improve reputation, operational efficiency, and profitability.

3. Methodology

This section discusses the population and sample size of the study, model specification, variable definitions and measurement, the sources and method of data collection, techniques of data analysis and the necessary diagnostic tests.

Research Design

Correlational research design was used for this study. The correlation research design enabled the researcher to examine the association of the variables (dependent and independent variables) since the main objective of this study is to examine the impact of ownership structures and financial performance of listed insurance companies in Nigeria.

Population and Sample Size of the Study

The population of the study consisted of (27) twenty-seven insurance companies that are listed on the National Exchange Group (NGX) as shown in table-1. The selection

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of the sample size was done using a filtering criterion premised upon the followings: (i) all insurance companies must be listed with the Nigerian Exchange Group (NGX) from January 1st, 2015 to December 31st, 2024; (ii) data must be available for the insurance companies within the period of study from 2015 to 2024. A sample size of (23) twenty-three firms is filtered from the population and used for the study.

These firms include: African Alliance Insurance Plc*, ASA Mansurd Insurance Plc*, AIICO Insurance Plc*, Alliance Insurance Plc*, Anchor Insurance Company Ltd, Consolidated Hallmark Insurance Plc*, Coronation Insurance Plc*, Cornerstone Insurance Plc*, Custodian & Allied Insurance Ltd, Fortis Global Insurance Plc*, Guinea Insurance Plc*, International Energy Insurance Plc*, LASACO Assurance Plc*, Linkage Assurance Plc*, Mutual Benefits Assurance Plc*, NEM Insurance Plc*, Prestige Assurance Plc*, Regency Assurance Plc*, Salem General Insurance Nig. Ltd*, Sovereign Trust Insurance Plc *, STACO Insurance Plc *, Sterling Assurance Nigeria Ltd, Sunu Assurances Plc*, Unitrust Insurance Nigeria Limited, Universal Insurance Plc *, Veritas Kapital Assurance Plc*, Zenith General Insurance Company Limited*. These firms were sourced from the Nigerian Exchange Group (NGX) data base, December 2024. The asterisk (*) denotes sampled firms.

Model Specification

This study adapts the dynamic panel model developed by Aljabri (2024). The model is modified by replacing the corporat governance variables with ownership structure variables; managerial ownership, institutional ownership, and foreign ownership to reflect the objectives of the present study and it is stated as;

$$ROA_{it} = \beta_0 + \beta_1 ROA_{it-1} + \beta_2 MOW_{it} + \beta_3 IOW_{it} + \beta_4 FOW_{it} + \beta_5 FAG_{it} + \mu_i + \varepsilon_{it} \dots \dots \dots (i);$$

where: ROA = Return on Assets of Insurance firm; i = Firm; t = Time; MOW = Managerial Ownership of Insurance Firm; IOW = Institutional Ownership of Insurance Firm; FOW = Foreign Ownership of Insurance Firm; FAG = Firm age i in year t; μ_i = Firm-specific effect; ε_{it} = Error term

Variable Definitions and Measurements

The variables definitions and measurements are captured in table 1.

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Table 1

Variable Definitions, Measurements and Source

Type Variable	Variable	Variable Measurement	Source
Dependent	Return on Asset	Earnings before tax divided by total asset.	Balogun and Nwachukwu (2024), Odum and Umejiaku (2024).
Independent	Managerial Ownership	Number of shares held by CEOs, directors, and their immediate family members divided by the number of total outstanding shares	Sarker and Hossain (2023),
Independent	Institutional Ownership	Number of total equity ownership held by institutions divided by total numbers of shares outstanding	Balogun and Nwachukwu (2024), Eneh <i>et al.</i> , (2024).
Independent	Foreign Ownership	Number of shares owned by Non-nationals divided by number of the total outstanding shares	Makoka <i>et al.</i> , (2023), Akinleye Adebuseye (2023)
Control	Firm age	Date of listing in relation to year of report.	Anisa & Allam (2018)

Source: Field Work (2026)

Sources and Method of Data Collection

The data source used in this study was secondary from audited annual reports of listed insurance firms on the Nigerian Exchange Group (NGX) and relevant reports from the regulatory agencies such as National Insurance Commission. Method of data collection is secondary, from the audited annual reports of sampled insurance firms listed on the Nigeria Exchange Group was obtained to provide information on the ownership structure and financial performance of the insurance firms.

Techniques of Data Analysis

In analyzing the data, the study adopts a descriptive statistic that describes the basic variables of the data in a study. In other words, it provides simple summaries about the sample and the measures in relation to the mean, median, maximum, minimum, standard deviation, skewness and kurtosis. To justify using panel data analysis, the study used the Hausman test to determine the choice between fixed effect and random effect regressions. This is due to the trade-off between the efficiency of the random effect approach and the consistency of the fixed effect approach (Habbash, 2010).

Multiple regression analysis was used to examine the effect of ownership structure on financial performance, given the study considering multiple independent variables.

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Ordinary least square (OLS) was used to estimate the relationship between the dependent variable and the independent variables. This aims to minimize the sum of the squared errors(residuals) between observed and predicted values

Diagnostic test

The study employed a diagnostic test in ascertaining the normality of residual test of the data as well as the stationarity. In testing the normality of the data, the JarqueBera formula was used in order to confirm the goodness of-fit-test and whether sample data have the skewness and kurtosis of matching a normal distribution. The stationarity test employs the Augmented Dicky Fuller (ADF) estimate in order to explain if the data are free from stationary defects considering the panel nature of the data.

The study tested for multicollinearity of the variables in order to confirm if the variables of interest are highly correlated with each other, making it difficult to estimate the individual effects of each variable. This involved doing a correlation matrix that displays the correlations between all pairs of independent variables and the variance inflation factor (VIF), which measured the inflation in variance of the regression coefficients due to correlation between independent variables.

The heteroskedasticity test was carried out using the Breusch-Pagan/Cock-Weisberg in order to check the fitness of the model. The study tested for serial correlation by using the Breusch Godfrey test in order to determine the independence of the observations of the same variable over specific period of time. Nevertheless, the objective of confirming if the model is correctly specified to detect any neglected non-linearity, the regression specific error test shall be employed using the Ramsey Reset test.

4. Results and Discussion

This section presents the analysis of data collected for the study on the effect of ownership structures on the financial performance of insurance firms in Nigeria.

Descriptive Statistics

The descriptive statistics for the variables used in this study are presented in Table 2. The analysis provides insights into the central tendency, dispersion, and range of each variable, which include firm performance, managerial ownership, institutional ownership, and firm age.

Table 2

Descriptive Statistics of Variables

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	230	0.7651	0.1720	-0.045	0.895
MOW	230	0.1598	0.1447	0.035	0.412
IOW	230	0.2465	0.0188	0.241	0.311
FOW	230	0.1275	0.0164	0.002	0.194
FAG	230	17.7174	8.5949	2	34

Source: STATA output (2026)

The mean ROA of 0.7651 indicates that, on average, the sampled firms generate substantial returns on their assets, reflecting effective asset utilization. The standard

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deviation of 0.1720 shows moderate variability among firms, suggesting that while most firms achieve positive profitability, some are less efficient or experienced negative returns, as indicated by the minimum value of -0.045. The maximum value of 0.895 highlights firms with exceptionally high asset performance.

Managerial Ownership

Managerial ownership has a mean of 0.1598, indicating that managers hold, on average, approximately 16% of firm equity. The standard deviation of 0.1447 shows a wide distribution of managerial stakes across firms, ranging from a minimum of 0.035 to a maximum of 0.412. This distribution suggests variation in ownership concentration, which has important governance implications.

Institutional Ownership

Institutional ownership averages 24.65% with a relatively low standard deviation of 0.0188, indicating consistency across the sampled firms. The minimum and maximum values (0.241–0.311) suggest that institutional investors are significant stakeholders, providing oversight and monitoring of managerial activities.

Foreign Ownership

Foreign ownership has a mean of 12.75% with a standard deviation of 0.0164. The range is between 0.002 and 0.194, showing that some firms have minimal foreign equity participation, while others have a substantial presence. Foreign investors often bring capital, expertise, and international best practices, which can positively affect firm performance.

Correlation Analysis

The correlation analysis examines the pairwise linear relationships among firm performance (ROA), managerial ownership (MOW), institutional ownership (IOW), foreign ownership (FOW), and firm age (FAG). The results are presented in Table 4

Table 3

Correlation Matrix

	ROA	MOW	IOW	FOW	FAG
ROA	1.0000				
MOW	-0.2753	1.0000			
IOW	-0.2275	0.1531	1.0000		
FOW	0.0744	0.0196	0.6400	1.0000	
FAG	0.0078	-0.0439	0.1210	0.2971	1.0000

Source: STATA Output (2026)

ROA is negatively correlated with managerial ownership ($r = -0.2753$). This suggests that higher managerial stakes may be associated with slightly lower firm performance. ROA has a negative correlation with institutional ownership ($r = -0.2275$), indicating that firms with higher institutional participation do not necessarily have higher immediate returns. This could reflect the influence of long-term monitoring by institutional investors, emphasizing sustainable performance rather than short-term ROA.

ROA is positively but weakly correlated with foreign ownership ($r = 0.0744$). This implies that foreign participation may slightly enhance firm performance, consistent with

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RBV, as foreign investors can bring unique resources, expertise, and international best practices that improve operational efficiency and profitability. ROA shows almost no correlation with firm age ($r = 0.0078$), suggesting that firm maturity alone does not directly determine profitability. While older firms may benefit from experience and resource accumulation (RBV), age by itself does not guarantee better financial performance.

Heteroskedasticity Test

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity Ho: Constant variance Variables: fitted values of roa $\chi^2(1) = 0.06$; Prob > $\chi^2 = 0.8140$. To ensure the validity of the regression results, a Breusch-Pagan / Cook-Weisberg test for heteroskedasticity was conducted on ROA, the dependent variable. The null hypothesis (H_0) for this test states that the variance of the residuals is constant (homoskedasticity). The results are presented below: roa $\chi^2(1) = 0.06$; Prob > $\chi^2 = 0.8140$

The p-value of 0.8140 is much greater than the conventional 5% significance level, indicating that we fail to reject the null hypothesis. This implies that the residuals of the model exhibit constant variance, confirming the absence of heteroskedasticity. In practical terms, this means that the error term does not systematically vary with the predicted values of ROA, ensuring that the standard errors of the regression coefficients are reliable and that the statistical inferences from the model (t-tests, p-values, confidence intervals) are valid.

Multicollinearity Test

Variance Inflation Factor (VIF) analysis was conducted to assess potential multicollinearity among the independent variables as shown in table 4

Table 4

Variance Inflation Factor

Variable	VIF	1/VIF
FOW	1.86	0.5372
IOW	1.77	0.5664
FAG	1.11	0.9025
MOW	1.04	0.9649
Mean VIF	1.44	-

Source: STATA Output (2026)

All VIF values are well below the commonly used threshold of 5 (or 10), indicating that multicollinearity is not a concern in this model. The mean VIF of 1.44 further confirms that the independent variables FOW, IOW, FO, and MOW are largely independent of each other.

Table 5
Regression Result

ROA	Coef.	Std. Err.	Z	pvalue
MOW	-.2624317	0.0648515	-4.05	0.000
IOW	-3.837522	0.7807694	-4.92	0.000
FOW	3.840639	0.8021838	4.79	0.000
FAW	-.0011929	0.0008517	-1.40	0.161
_CONS	1.284489	0.1300939	9.87	0.000

Source: STATA Output (2026)

Managerial Ownership and ROA

The results show a negative and significant relationship between managerial ownership and ROA (Coef. = -0.2624, p = 0.000). This indicates that as managers increase their shareholding, firm performance decreases. Also, this suggests that mere concentration of managerial resources does not automatically enhance firm performance; instead, governance mechanisms must ensure that resource allocation aligns with value creation.

Agency Theory Perspective supports the managerial entrenchment argument. Managers with high ownership stakes may prioritize personal wealth, control, or job security over maximizing firm profitability, creating conflicts of interest between managers and shareholders. Also, stakeholder theory perspective posit that high managerial ownership may reduce consideration of other stakeholders' interests (employees, suppliers, community), focusing instead on personal gain. This misalignment can reduce operational efficiency and stakeholder satisfaction, indirectly lowering ROA.

Institutional Ownership and ROA

Institutional ownership is negatively and significantly related to ROA (Coef. of -3.8375, and a p value of 0.000), with a weaker negative correlation in the descriptive analysis (r of -0.2275). This result might appear counterintuitive, as institutions are usually expected to enhance monitoring and reduce agency problems. This implies that institutional ownership shapes managerial decision-making, balancing profit maximization with broader stakeholder interests, which may reduce short-term ROA but potentially enhance sustainability.

Agency theory perspective which states that institutional investors are expected to monitor managers, the negative relationship may reflect cautious strategies that prioritize risk reduction or long-term value creation over immediate profitability. stakeholder theory perspective states that institutional investors often advocate for socially responsible practices, environmental safeguards, or long-term stakeholder welfare. Although beneficial in the long run, these initiatives may temporarily reduce ROA as resources are allocated to non-financial priorities.

Foreign Ownership and ROA

Foreign ownership shows a strong positive and significant relationship with ROA (Coef. of 3.8406, p value of 0.000). This suggests that firms with higher foreign investor participation are more profitable. This implies that foreign ownership may improve monitoring and align managerial decisions with shareholder interests, reducing potential

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agency costs. The positive impact indicates that foreign investors are effective in ensuring efficient utilization of firm assets, thereby enhancing ROA. This contrasts with the negative effects of MOW and IOW, highlighting the strategic value of external equity in firm performance.

Foreign investors provide strong oversight and governance, aligning managerial decisions with shareholder wealth and reducing agency conflicts. stakeholder theory perspective: Foreign investors may bring international best practices, compliance standards, and ethical frameworks that benefit multiple stakeholders (employees, customers, and suppliers), indirectly improving operational performance. This implies that firms leveraging foreign equity not only improve profitability but also strengthen stakeholder relationships and corporate governance.

5. Conclusion and Recommendations

This section presents the conclusion and the recommendations of the study in line with the study findings. Based on the analysis and discussion of findings, the following conclusions are drawn:

- i. Managerial Ownership (MOW): Managerial ownership has a negative and statistically significant impact on insurance firm performance. This implies that while managers' equity stakes can theoretically align interests with shareholders, in Nigerian insurance firms, MOW alone does not significantly enhance profitability.
- ii. Institutional Ownership (IOW): Institutional ownership exerts a negative and statistically significant influence on ROA. The moderating effect of environmental disclosure enhances this relationship, confirming that transparency amplifies the performance benefits of institutional oversight. High institutional participation combined with robust disclosure practices strengthens monitoring mechanisms and enhances firm profitability.
- iii. Foreign Ownership (FOW): Foreign ownership positively and significantly impacts financial performance, suggesting that foreign investors contribute managerial expertise, international best practices, and accountability mechanisms.

Based on the findings of the study, the following recommendations were made:

- i. Managerial Ownership (MOW): Limit excessive managerial equity stakes to prevent entrenchment and self-serving behavior, it also implements performance-based incentives tied to ROA. And finally, it strengthens board oversight to ensure managerial decisions align with shareholder and stakeholder interests.
- ii. Institutional Ownership (IOW): Ensure institutional investors balance long-term strategic objectives with operational efficiency, and also, it establish reporting mechanisms and engagement policies to align institutional priorities with short-term firm performance.
- iii. Foreign Ownership (FOW): Encourage foreign investment to leverage strategic knowledge, governance expertise, and technical resources and also, it facilitates integration of foreign stakeholders into firm decision-making to maximize efficiency and profitability.

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