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Enterprise Risk Management (ERM) in the Nigerian Insurance Industry

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Abstract

The study looked at how Nigerian listed insurance companies performed in terms of enterprise risk management. The ex post facto research design was used in the study. According to Nigeria Stock Exchange data as of December 30, 2021, there were 23 insurance businesses listed on the Exchange (NSE). Ten Nigerian insurance firms made up the sample size. In choosing the selected firms, we used the convenience sampling approach. The sample firms' financial statements and annual reports were used to collect data for the study. The statutory audit of the financial accounts served as the foundation for validity and reliability. Inferential (multiple regressions) and descriptive statistics were used to analyse the data. The results showed enterprise risk management has no significant impact on listed insurance companies in Nigeria's earnings per share; return on asset of listed insurance companies in Nigeria; or return on equity of listed insurance companies. According to the study's findings, enterprise risk management has little or no financial impact on Nigeria's listed insurance businesses. The research proposed that risk committee meetings be held regularly in order to improve performance and that members of the committee should be proficient in managing risk-related issues. It also advised that the committee be allowed its independence to operate.

Keywords: Enterprise risk management, earnings per share, independence of the risk committee, and performance.

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1. Introduction

Performance is crucial for governance since it is a result of a person's or a group of people's ability and responsibility to carry out an organization's mission in a morally and ethically upright manner, both legally and illegally. Enterprise Risk Management (ERM) is a technological strategy designed to help management use an integrated approach to handle uncertainty and address current difficulties (Özlem & Muhammad, 2020). The Risk Management Committee (RMC), a separate executive council, is in charge of managing the risk associated with the corporation's international operations and overseeing the implementation of the organization's overall risk management strategy (Olalere & Wan, 2020). The committee is advantageous in carrying out its regulatory responsibilities with regard to the risk exposure, methods for risk assessment and regulation of the company, and the management structure that regulates it. RMC is a company asset that helps it to achieve its corporate goals, raise the level of financial statements as a guardian of the corporation's reputation, and eventually boost the efficiency of the business (Biralo & Emem, 2018).

A more proactive strategy to manage and decrease business risk has been demanded by shareholders, top executives and corporate boards (Opeyemi, Benjimi, & Abel, 2020). Most firms in Nigeria dislike the concept of business risk control which makes risk detection and prevention disliked as well. This activity will always have an impact on performance if not properly managed (Iwedi, Anderson, Barisua, & Zaagba, 2020). Additionally, the majority of Nigerian businesses do not use integrated risk management practices due to their lack of popularity among businesses operating in Nigeria. As a result, they face the problem of not having an integrated risk management unit within the business (Erin, Eriki, Jonah, & Ame, 2020).

In industrialized nations, the insurance sector significantly contributes to the GDP. For instance, the insurance industry in China contributes 4.2% of the country's GDP and the insurance sector in Japan contributes 4.4 percent of the country's GDP. In the United Kingdom, the GDP is 3% impacted by insurance while in the USA, insurance costs accounted for 3.1 percent of the GDP. In emerging nations, particularly Nigeria, the insurance sector contributed 0.4 percent to the GDP as its financial viability has lagged behind that of other industrialized nations (Kokobe & Gamachu, 2020). This is far less than what takes place in industrialized nations. This might be the result of a variety of causes, including the lack of confidence international investors have in the Nigerian insurance business, bad management, weak industry performance, inadequate risk management, and others. In order to enhance a company's sustainability and production, money is crucial to its existence and vitality. Additionally, profit is a sign of effective management of working resources and liquidity is not guaranteed if assets cannot be converted into cash fast.

An organization may have debts that might negatively impact its long-term performance, causing the business to abruptly discontinue its usual activities and, if necessary, be unable to fund its obligations. The concept of enterprise risk management (ERM) has gained importance globally as a result of the global economic disasters, high-

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profile corporate scandals and business failures. ERM is a tool that can assist businesses in achieving their objectives. To reduce and manage business risk, there is increasing pressure from clients, senior executives and corporate boards. The Majority of Nigerian businesses continue to hold strong opposition to the issue of risk recognition and prevention. If handled poorly, the shareholder value eventually suffers (Udoka & Orok, 2020). As a result of this company's struggles with the lack of an integrated risk management unit within the organization and the lack of trained staff willing to manage it. Most corporate organizations in Nigeria do not practice integrated risk management as they rely on a more traditional approach to risk management (Iwedi, Anderson, Barisua, & Zaagba, 2020).

1.1. Study Objective

The main objective of this study is to ascertain the effect of enterprise risk management on corporate performance of insurance firms in Nigeria. Specific objectives are to:

1. determine the impact of enterprise risk management (ERM) on earnings per share (EPS);
2. ascertain the impact of enterprise risk management (ERM) on return on asset(ROA); and
3. examine the impact of enterprise risk management(ERM) on return on equity(ROE).

1.2. Hypotheses

H_{01}: Enterprise risk management (ERM) have insignificant effect on earnings per share(EPS) of listed insurance companies in Nigeria.

H_{02}: Enterprise risk management (ERM) have insignificant effect on return on assets of listed insurance companies in Nigeria

H_{03}: Enterprise risk management (ERM) have insignificant effect on return on equity of listed insurance companies in Nigeria was accepted

The study investigates how enterprise risk management affects the corporate performance of Nigeria's listed insurance businesses. The main goal of the study is to ascertain how enterprise risk management affects the performance of Nigeria's listed insurance businesses. Section 2 reviews literature; section 3 outlines the research's methodology; section 4 displays the findings and its discussion; and section 5 offers the study's conclusion.

2. Literature Review

2.1.Enterprise Risk Management

Enterprise risk management is the process of arranging, directing, and coordinating organizational operations in order to mitigate the impact of risk on an organization's capital and productivity (Stulz, 2019). This means that enterprise risk management also focuses on the company's financial strategy in addition to its operations. The scope of enterprise risk

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management is extensive. Businesses are often asked to undertake a risk assessment at the beginning of the year to identify the risks they will encounter during the year after establishing their objectives. This is done so that they can identify the risks that will have an impact on their performance and create solutions that will effectively reduce the risks.

Modern organizational procedures and daily company operations depend on enterprise risk management since it helps companies manage their internal systems. One essential component of company competitiveness is risk management. It enables a company to create a distinctive strategy to reduce possible losses and create a pathway for the exploitation of new possibilities. Enterprise risk management enables senior management to successfully manage many forms of risk (Annamalah, Murali, Govinda, & Arvinda, 2018). Effective enterprise risk management procedures aid in responding to unforeseen risks, ensuring flexibility and seizing opportunities, all of which help businesses acquire a competitive advantage (Songling, Ishtiaq, & Anwar, 2018).

Organizations with risk-related strategies are thought to be able to smooth out their revenue volatility and lessen the effects of financial crises to improve their performance (Ashraf, Arshad, & Lliang, 2020). Top management is required to possess the necessary financial expertise to ensure seamless operations in the competitive marketplaces (Bongomin, Joseph, John, & Charles, 2020). Enterprise risk management techniques are necessary to achieve high profitability and a sustainable competitive position in the present environment.

2.2.Performance

Performance is crucial in determining if a company model will endure. It is thought to be the primary goal of businesses with a profit motive. A successful company is frequently one that uses its resources effectively and efficiently to ensure its long-term prosperity (i.e., one that reasonably follows its standards and judiciously utilizes its resources towards achieving high performance). Since it has a long-term impact on their corporate setups, managers of corporate entities are very concerned about how to achieve high financial performance. This includes management efficiency (using the scarce resources at their disposal), investor goal (wealth maximization) and lender driven (debt repayment and interest charge thereon) (Osundina, 2019). Financial success is the sign of how well a company uses the capital at its disposal to generate sales.

Most of the time, it offers advice on future activities that may be made in terms of business expansion, executive control and property purchase. Focusing on the financial lessons management has learnt over time is also beneficial. The comparison of similar firms may also be done using these achievements. Additionally, financial performance is a way to evaluate business processes objectively in monetary terms. It serves to show how well shareholders are doing relative to the start of the accounting period. Simple industry data or financial ratios produced from financial statements may be examined to effectively realize this (Özlem & Muhammad, 2020).

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If a company wants to continue operating to the satisfaction of its stakeholders, profitability is a crucial factor that must be taken into consideration. Profitability is the most often used measure of organizational growth, improvement of performance and competitiveness (Husaini & Saiful, 2021). According to (Grace, Lucy, & Mose, 2020), the profit capacity of industry, business or organization's commercial operations may be referred to as profitability. It demonstrates how simple it is for management to profit from all accessible market money. (Yang, Ishitaq, & Anwar, 2018) argued against conflating profitability with performance based on an investment's potential to generate returns. Instead, profitability serves as an indicator of performance to guide management toward increased effectiveness.

Since one of the goals of financial management is to maximise the owners' wealth and profitability is a highly significant driver of performance. The study of (Yang, Ishitaq, & Anwar, 2018) concluded that profitability is one of the most important objectives of financial management. A firm that is not lucrative cannot prosper. On the other hand, a very profitable business may reward its owners with enormous earnings.

3. Research Methodology

3.1.Research Design

Ex-post facto research design was used to collect data from individual company annual reports. The explanation is that publicly publicized financial statements provide all the data required for the inquiry.

3.2.Data Collection Methods

The audited financial statements included in the annual reports of the sample firms served as the study's instrument for data gathering since these firms' financial statements already had all the pertinent information required for the research. Ratio analysis and content analysis—two significant analyses—were performed. In order to complete this research project, important data from the financial statements of the firms that are included in their annual reports will be extracted using content analysis. A quantitative link between two variables is expressed using ratio analysis. The appropriate ratios were calculated using the methods stated in the model after data was collected from financial statements.

3.3.Model Specification and Variable Measurement

Regression Equation

$EPSit = \beta 0 + \beta 1\ RCSit + \beta 2RCMit + \beta 3RCIit + \mu it$ ..... (1)

$ROAit = \beta 0 + \beta 1\ RCSit + \beta 2RCMit + \beta 3RCIit + \mu it$ ..... (2)

$ROEit = \beta 0 + \beta 1\ RCSit + \beta 2RCMit + \beta 3RCIit + \mu it$ ..... (3)

Where;

μi = disturbance term. $\beta 0$ = intercept. $\beta 1 - \beta 4$ = coefficient of the independent variables.

The test above is carried out at 5% test statistics.

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4. Analysis

4.1. Computations and Interpretation of Used Data

With the significant level of *0.05 Table 1*, the Hausman test result indicated a probability value of *0.6720*, which is more than the *0.05* significant level; as a consequence, the study's null hypothesis cannot be rejected. The Breusch-Pagan Lagrangian multiplier test result is *0.0000* (which is less than the significance level of *5%).* This indicates that Pooled OLS is a good estimator of the model. The study rejects the null hypothesis and suggests that Pooled OLS effect is the most suitable model estimator.

Table 1: Regression Analysis for Model One: Random effect

Variable	*Coefficient*	*Std Error*	*t-Stat.*	*Prob.*
C	2.709095	10.15969	0.266651	0.7903
RCS	-2.353660	2.046867	-1.149884	0.2530
RCM	1.959850	2.443541	0.802053	0.4245
RCI	20.99304	16.44809	1.276321	0.2049
R-squared	0.041275			
Adjusted R-squared	0.011315			
F-Statistics	1.377662			
Prob(F-Stat)	0.254277			
Diagnostic Tests	Probability			
Hausman Test	$chi2(_3) = 1.544843$ (0.6720)			
Breusch and Pagan LM test	Chibar2 $(_{01}) = 33.85$ (0.0000)			
Heteroskedasticity Test	$chi2(_3) = 2.77$ (0.4292)			
Serial Auto-Correlation Test	$chi2(_3) = 10.61$ (0.0050)			
Cross-sectional independence	$F(_{45}) = -0.31$ (0.7577)			

Source: *Authors' Computation 1*

Since the residuals of the model are constant over time, the study accepts the null hypothesis but it is crucial to estimate panel data models while checking for cross-sectional dependency. There is no evidence of cross-sectional dependency in the data according to the results of Pesaran's test of cross-sectional independence, which had a p-value of *0.7577* and

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was larger than the study's chosen threshold of significance of *5%*. There is therefore sufficient data to conclude that the model does not exhibit cross-sectional dependency.

Utilizing Breusch-Godfrey Serial Correlation LM test was carried out. The analysis shows that there is a serial correlation issue in the model if the test has a p-value of *0.0050* (which is less than the *5%* significant level). As a result, the research does not support the null hypothesis.

In conclusion, the outcome of the business risk management regression analysis reveals that the constant *2.710* exhibits a positive beta coefficient. The regression model's findings in *Table 1* show that the size of the risk committee (RCS) has a negative and insignificant impact on earnings per share (EPS) (α = *-2.354*, p = *0.253*) indicating an increase in RCS would result in a decrease in EPS of -2.354. The impact of the risk committee meeting (RCM), on the other hand, has a positive and significant impact on EPS (α = *1.96*, p = *0.423*). Risk committee independence (RCI) has a positive insignificant effect on earnings per share (EPS) (α = *20.99*, p=*0.2049*) indicating a unit increase in RCI would result in a *20.99304* rise in EPS. A unit increase in RCM would result in a *1.959850* increase in EPS. This outcome is in line with the underlying hypothesis, which predicted that the enterprise risk management proxies (RCM and RCI) would have a positive impact on EPS whereas RCS would have a negative one. According to the value of the individual t-statistics, enterprise risk management has negligible influence on profits per share at the accepted threshold of significance for this study of *5%*.

Within the framework of the model, changes in earnings per share are only affected by enterprise risk management to the extent of *1%*, with the other *99%* being explained by other variables that have the potential to affect the dependent variable. As a result, the primary model has a low explanatory power, as indicated by the coefficient of determination. The likelihood of the *F*-statistics showing that this model is not statistically significant emphasizes this even more. The F-statistics is *1.377662* at *0.05* level of significance, with a p-value of *0.254277*, which is higher than the *0.05* level of significance used in this investigation. The null hypothesis one, according to which enterprise risk management has no appreciable impact on the earnings per share of Nigeria's listed insurance companies, was accepted. Therefore, according to regression estimates, enterprise risk management, as defined by the size, meetings, and independence of the risk committee, has no discernible impact on the earnings per share of listed insurance firms in Nigeria.

In *Table 2*, the Hausman test result indicated a probability value of *0.8943*, which is more than the *5%* level of significance depicting the study's null hypothesis cannot be rejected. The results of the Breusch-Pagan Lagrangian multiplier test for both models (value of *0.0139*), which are below the significance level of *5%*, show that Pooled OLS is a good estimator of the model.

The result of Breusch-Pagan test for Heteroskedasticity indicated that there was no Heteroskedasticity, with a p-value of *0.0799*. Since the residuals of the model are constant

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over time, the study accepts the null hypothesis. As a result, it is crucial to estimate panel data models while checking for cross-sectional dependency. There is no evidence of cross-sectional dependency in the data, according to the results of Pesaran's test of cross-sectional independence, which had a p-value of *0.7108* and was larger than the study's chosen threshold of significance of *5%*. There is therefore sufficient data to conclude that the model does not exhibit cross-sectional dependency.

Table 2: Model Two Regression Analysis: Random Effect

Variable	*Coefficient*	*Std Error*	*t-Stat.*	*Prob.*
C	5.273660	2.855747	1.846683	0.0679
RCS	0.187075	0.626873	0.298425	0.7660
RCM	-0.501122	0.746314	-0.671463	0.5035
RCI	0.288288	4.979862	0.057891	0.9540
R-squared	0.005524			
Adjusted R-squared	-0.025554			
F-Statistics	0.177740			
Prob(F-Stat)	0.911249			
Diagnostic Tests	Probability			
Hausman Test	$chi2(_3) = 0.609272$ (0.8943)			
Breusch and Pagan LM test	$Chibar2\ (_{01}) = 6.05$ (0.0139)			
Heteroskedasticity Test	$chi2(_3) = 6.76$ (0.0799)			
Serial Auto-Correlation Test	$chi2(_2) = 5.72$ (0.0571)			
Cross-sectional independence	$F(_{45}) = 0.37$ (0.7108)			

***Source**: Authors' Computation 2*

The Breusch-Godfrey Serial Correlation LM Test was used for serial association test and a p-value of *0.0507*, higher than the significant level of *5%*, indicates that the model is free of serial correlation issues. As a result, the research does not reject the null hypothesis. In conclusion, the diagnostic tests showed that the model does not have serial correlation issues or Heteroskedasticity issues. Random effect was employed to estimate the impact because fixed effects and pooled OLS effect would not be suitable estimators for the model.

The outcome of the enterprise risk management regression analysis demonstrates that the constant, *0.288288*, has a positive beta coefficient. Risk committee meeting (RCM) has a negative insignificant effect on Return on Assets (ROA) (α = *-0.501, p=0.504*), thereby, a unit increase in RCM would lead to *-0.501* decreases in ROA. Also, risk committee independence (RCI) has a positive insignificant effect on ROA (α = *0.187075, p=0.766*), indicating a unit increase in RCS would result in a *0.1871* increase in ROA.

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This conclusion is consistent with a priori expectations since it was anticipated that Enterprise Risk Management Proxy (RCI) would have good impacts on ROA whereas RCS and RCM were anticipated to have negative effects on ROA and positive effects on ROA respectively. According to the value of each *t*-statistic, enterprise risk management had no discernible impact on return on assets at the accepted *5%* level of significance for this study.

Adjusted *R2*, the model's explanatory power, has a coefficient of determination of -*0.025554*, suggesting that within the framework of the model, enterprise risk management's independence accounts for *0%* changes in return on assets, with the remaining 100% being explained by other variables that may have an influence on the dependent variable. Since the primary model has no ability to explain anything, the coefficient of determination confirms this. The likelihood of the *F*-statistics showing that this model is not statistically significant emphasizes this even more. The *F*-statistics is *0.178* at *0.05* level of significance, with a p-value of 0.911, which is higher than the 0.05 level of significance used in this investigation.

The second null hypothesis, which states that enterprise risk management has little or no impact on listed insurance businesses in Nigeria's return on assets, was accepted. Therefore, according to the regression estimates, enterprise risk management, as assessed by the size, meetings and independence of the risk committee, has no discernible impact on the return on assets of listed insurance companies in Nigeria.

Table 3: **Model Three Regression Analysis: Random Effect**

Variable	*Coefficient*	*Std Error*	*t-Stat.*	*Prob.*
C	35.74041	44.27054	0.807318	0.4215
RCS	-1.894841	10.06646	-0.188233	0.8511
RCM	-4.054787	11.93062	-0.339864	0.7347
RCI	15.57870	77.95577	0.199840	0.8420
R-squared	0.002258			
Adjusted R-squared	-0.028922			
F-Statistics	0.072417			
Prob(F-Stat)	0.974611			
Diagnostic Tests	Probability			
Hausman Test	$chi2_{(3)}$ = 4.415497 (0.2200)			
Breusch and Pagan LM test	$Chibar2_{(01)}$ = 0.22 (0.6412)			
Heteroskedasticity Test	$chi2_{(3)}$ = 0.14 (0.9864)			
Serial Auto-Correlation Test	$chi2_{(2)}$ = 2.34 (0.3103)			
Cross-sectional independence	$F_{(45)}$ = -1.33 (0.1821)			

Source: *Authors' Computation 3*

In *Table 3*, Hausman test result indicated a probability value of *0.2200* which is more than the *5%* level of significance and affirming the study cannot reject the null hypothesis of the Hausman specification test. In the random effect estimation used to estimate the model,

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the Breusch-Pagan Lagrangian multiplier test results for both models show that random effect is a good estimator of the model (-value of *0.6412*), which is greater than the significance level of 5%. The study does accept the null hypothesis implying that random effect is the most appropriate model estimator.

The Breusch-Pagan test for Heteroskedasticity used shows that there is no Heteroskedasticity with a p-value of *0.9864*, which is greater than the 5% significant level chosen for the study. Since the model residuals are constant over time, the study accepts the null hypothesis. As a result, it is crucial to estimate panel data models while checking for cross-sectional dependency. There is no evidence of cross-sectional dependency in the data, according to the results of Pesaran test of cross-sectional independence which had a p-value of *0.1821* and was larger than the study's chosen threshold of significance of *5%*. There is therefore sufficient data to conclude that the model does not exhibit cross-sectional dependency. According to the test's null hypothesis, there is no serial association using Breusch-Godfrey Serial Correlation LM Test with a p-value of *0.3103*, which is higher than the significant threshold of *5%*. As a result, the research does not reject the null hypothesis.

In conclusion, the diagnostic tests showed that the model does not have serial correlation issues or Heteroskedasticity issues. Random effect was employed to estimate the impact because fixed effects and pooled OLS effect would not be suitable estimators for the model. Regression analysis for enterprise risk management results in a positive beta coefficient for the constant *35.74*. Risk committee meeting (RCM) has a negative insignificant effect on Return on Equity (ROE) (α = - *4.054787, p=0.7347* denoting a unit increase in RCM would lead to *-4.054787* decrease in ROE), whereas Risk committee independence (RCI) has a positive insignificant effect on ROE (α = *-1.894841, p=0.8511* denoting a unit increase in RCS would result in a *-1.8948).* This conclusion is consistent with a priori expectation since it was anticipated that Enterprise Risk Management Proxy (RCI) would have good impacts on ROE while RCS and RCM were anticipated to have negative effects on ROE and positive effects on ROA respectively. According to the value of each *t*-statistic, enterprise risk management had no discernible impact on return on equity at the accepted *5%* level of significance for this study.

Adjusted *R2*, the model's explanatory power, has a coefficient of determination of -*0.0289* suggesting that in the context of the model, enterprise risk management's independence accounts for *0%* of changes in return on equity. The remaining 99% is being explained by other variables that potentially have an influence on the dependent variable since the primary model has no ability to explain anything. The likelihood of the *F*-statistics showing that this model is not statistically significant emphasizes this even more. The *F*-statistics is *0.072* at *0.05* level of significance with a p-value of *0.975*, which is higher than the 0.05 level of significance used in this investigation.

The third null hypothesis, according to which enterprise risk management has no appreciable impact on listed insurance businesses in Nigeria's return on equity, was accepted. Therefore, enterprise risk management as defined by the size, independence and meetings of

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the risk committee, does not have appreciable impact on the return on equity (ROE) of listed Nigerian insurance firms.

4.2. Discussion of Findings

The first model demonstrated that the size of the risk committee has negative negligible impact on earnings per share (EPS) while the meeting of the risk committee has a positive insignificant impact and the independence of the risk committee has a positive insignificant impact. The independent variables' explanatory capacities show that the joint fluctuations in the independent variables only account for *1%* of the variance in EPS, with other factors accounting for the other *99%* of the variation in EPS. Enterprise risk management, as determined by the size, independence and meetings of the risk committee, does not have appreciable impact on the earnings per share (EPS) of listed insurance firms in Nigeria.

According to the second model, risk committee independence has a positive insignificant influence on return on assets, whereas risk committee size has a positive insignificant effect. Risk committee meetings have a negative insignificant effect. The independent variables' explanatory capacities show that their combined fluctuations explain *0%* of the variance in ROA, while the remaining *100%* of the variation in ROA is due to external factors that are not included in this model. Enterprise risk management, as determined by the size, independence, and meetings of the risk committee, had no appreciable impact on the return on assets of listed insurance firms in Nigeria.

The third model showed that the size of the risk committee has a negative negligible impact on return on equity and the frequency of the risk committee meetings but the independence of the risk committee has a positive minor impact. According to the independent variables' explanatory capabilities, the combined variations in the independent variables only account for *0%* of the variance in ROE as the remaining *100%* of the variation in ROE is due to external factors that this model does not account for making this model not able to explain anything. Enterprise risk management, as determined by the size, independence and meetings of the risk committee, had no appreciable impact on the return on equity (ROE) of listed insurance firms in Nigeria.

5. Conclusion and Recommendations

5.1. Conclusion

The management consequence is that members of the risk committee should be proficient in managing risk-related issues and make sure the committee is granted its independence to operate as it has a favourable influence on performance. The committee meeting should be held regularly for performance improve as well as give the committee the opportunity to meet and debate crucial ERM and other risk-related issues that will advance the firm and shield it from any expensive risks. The study would help the authorities, such as the Securities and Exchange Commission (SEC) and the Central Bank of Nigeria, to

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understand how enterprise risk management influences listed insurance businesses' financial performance.

In order to improve reporting by providing rules that enable investors to make rational judgments, this research will assist them in ensuring that both voluntary and mandated disclosures of ERM plans are disclosed in the annual report. The research's conclusions may be used by the government and financial regulatory authorities to improve their knowledge of how enterprise risk management methods and strategies affect business performance in Nigeria. To the financiers, the implication for investors is that it will assist them in making investment decisions and provide them with a thorough understanding of how the enterprise risk management policies and procedures put in place by the board of directors and management will impact the operations of their business and add value. Additionally, the study has implications for future researchers since the results will advance knowledge, provide a way for them to conduct research by utilizing additional variables/aspects that impact financial performance, and promote ERM practices in both developed and developing nations.

The study came to the conclusion that performance of listed insurance companies in Nigeria as measured by earnings per share, return on equity, and return on assets is not significantly impacted by enterprise risk management as measured by risk committee size, risk committee meeting and risk committee independence. Organizations have rare and precious resources. A business that possesses distinctive resources (physical and intangible) performs better than other firms that lack resources and capabilities. The study's conclusion that enterprise risk management should be integrated into an organization's internal resources in order to guarantee profitability.

5.2.Recommendations

The study's findings led to the following recommendations.

- Risk committee meetings should be held frequently to boost performance and give the committee the chance to meet and discuss significant issues relating to ERM while risk committee members should be effective in managing risk-related matters and ensure that the committee is given its full independence to function properly since it shows a positive performance relationship.
- In order to improve reporting by providing standards that enable investors to make rational judgments, regulators should guarantee that both optional and required disclosures of ERM plans are disclosed in the annual report.
- Additionally, management should make sure that size of the risk committee's members is balanced in line with the recommended amount in order to improve performance and boost returns to investors and shareholders.
- Some organisations' resources help them gain a competitive edge and/or long-term performance. Organisational resources should be managed effectively and used efficiently for optimal performance.

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