RESEARCH **REPORT**

BOARD CHARACTERISTICS OWNERSHIP CONCENTRATION AND PERFORMANCE OF INSURANCE COMPANIES

RESEARCHERS

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ABSTRACT

The study investigates how board characteristics and ownership concentration shape the performance of insurance companies in Uganda, an emerging market where corporate governance practices operate within distinctive institutional constraints. Anchored in Agency and Institutional Theory, the research adopts a sequential explanatory mixed-methods design, integrating quantitative analysis of insurance firms with qualitative insights from board members.

The results demonstrate that board characteristics particularly independence, diversity, size, and the effectiveness implied by meeting dynamics play a decisive and positive role in driving firm performance. This highlights the board not merely as a compliance requirement but as a strategic resource that materially contributes to organizational outcomes. In contrast, ownership concentration shows no meaningful direct influence on performance, nor does it alter the strength of the relationship between board governance and firm outcomes. This suggests that strong board structures retain their effectiveness regardless of how ownership is distributed.

Overall, the study emphasizes the primacy of board quality in enhancing performance within Uganda's insurance sector and questions the universal relevance of governance models that emphasize ownership monitoring. The findings provide important implications for regulators seeking to refine governance frameworks and for insurance companies aiming to strengthen strategic oversight through more effective and thoughtfully constituted boards.

CHAPTER 1
INTRODUCTION

1.0: Background

In today's dynamic global economy, robust corporate governance has transitioned from a compliance requirement to a strategic imperative for organizational resilience and performance. (Fadun, 2024) This is particularly true within the insurance industry, a critical pillar of economic stability that provides essential risk management and financial security services (Ndawula et al.,2024). Despite the sector's sustained growth, it faces escalating pressures from emerging risks
including climate change, cyber threats, and macroeconomic volatility which intensify the need for effective governance to ensure financial health, operational integrity, and stakeholder trust (Fadun, 2024; KPMG, 2023).

Corporate governance encompasses the systems and processes by which companies are directed and controlled, with the board of directors playing a paramount role in aligning management actions with long-term organizational objectives (Wakaisuka et al., 2016). Key board attributes such as size, diversity, meeting frequency, and independence have been extensively studied for
their impact on firm performance, primarily in contexts of strategic oversight and decision quality (Razzaque et al., 2020; Khan et al., 2020). However, the efficacy of these governance mechanisms is not universal; it is significantly shaped by institutional, regulatory, and market- specific contexts (Ananzeh, 2021).

The insurance industry presents a distinctive environment where the governance-performance relationship may operate differently. For instance, while frequent board meetings may enhance oversight, they can also impose administrative burdens (Haris et al., 2019). Similarly, larger boards may offer diverse expertise but risk coordination challenges and slower decision-making (Buertey and Pae, 2021). The presumed benefits of board independence, advocated to mitigate agency conflicts, may be diluted if non-executive directors lack deep engagement with core business realities (Salisu et al., 2019). Furthermore, diversity in terms of independence, international experience, and gender, while enriching perspectives, may yield superficial benefits if not embedded in an inclusive organizational culture (Mori et al., 2015).

A critical additional layer is the role of ownership structure. Ownership concentration introduces mixed effects, potentially enhancing monitoring incentives and aligning interests, but also risking majority shareholder entrenchment, minority interest expropriation, and the erosion of board autonomy (Gaur, 2015; Boateng et al., 2022). This interplay is especially pertinent in emerging markets where concentrated ownership is common (Habtoor, 2020).

In Uganda, the insurance sector operates within this global debate yet under unique local conditions. The national regulator, the Insurance Regulatory Authority of Uganda, provides foundational governance principles through the Uganda Insurance (Licensing and Governance) Regulation, 2020(IRAU, 2020). However, this framework does not mandate specifics on optimal board size, diversity quotas, definitions of independence, or meeting frequency. This flexible, principles-based approach, while adaptable, has created a significant knowledge gap. There is a scarcity of empirical, context-specific insights into how these governance dimensions function within Uganda's emerging market, with its distinct cultural nuances and concentrated insurance landscape.

Consequently, this study addresses this gap by examining the impact of four board characteristics board meeting frequency, board diversity, board size, and board independence on the performance of insurance companies in Uganda. Furthermore, it introduces ownership concentration as a moderating variable to analyze how varying degrees of ownership control intensify or weaken the relationships between board attributes and firm outcomes. By generating localized, evidence-based findings, this research aims to inform the optimization of corporate governance practices, thereby enhancing sectoral stability and contributing to the academic understanding of governance effectiveness in emerging markets.

1.2 Significance of the Research Project

The significant details are in Impact Pathway. This essentially introduces a perceptive on governance in insurance companies by:

- Informing Regulatory Policy: The study will generate empirical evidence to guide the Uganda Insurance Regulatory Authority and other policymakers in moving beyond general principles towards formulating detailed, context-specific governance regulations. By clarifying the tangible effects of board characteristics, the findings can inform precise mandates or guidelines on board composition, structure, and processes, thereby strengthening the entire regulatory framework for the industry.

- Enhancing Industry Practices: This research will provide crucial, localized insights for insurance company boards and executives into how specific governance mechanisms such as meeting frequency, size, diversity, and independence directly influence firm performance within Uganda's unique market. This will equip industry stakeholders with the knowledge to tailor and optimize their governance structures, moving beyond generic models to adopt strategies that genuinely enhance oversight, strategic decision-making, and financial outcomes.

- Promoting Sectoral Stability and Trust: By supporting the adoption of stronger, more effective corporate governance practices, the findings are poised to foster greater accountability, operational transparency, and ultimately, improved financial performance across the sector. This contributes to building greater confidence among policyholders, investors, and international partners, which is fundamental for the long-term stability and growth of the Ugandan insurance industry.

- Enabling Academic and Cross-Market Comparison: Academically, this study will address a notable literature gap concerning corporate governance in the under-researched context of Uganda's insurance industry. It will serve as a valuable benchmark for future research and for comparing governance efficacy across different jurisdictions, thereby enriching the global understanding of how corporate governance principles translate in emerging market environments.

CHAPTER 2
LITERATURE REVIEW

2. Introduction

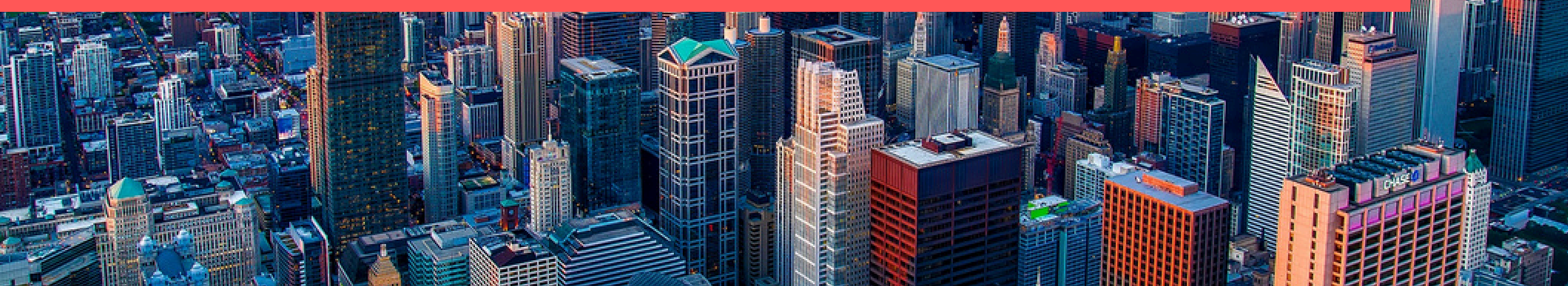
This chapter reviews theoretical and empirical literature on board characteristics, ownership concentration and firm performance. The theoretical discussion draws on agency theory, highlighting its relevance to the study. The empirical review examines prior findings on the study variables, noting consistencies, contradictions, gaps, and areas of limited research. These insights provided the foundation for formulating the study's hypotheses.

2.1 Theoretical Review

2.1.1 Agency Theory (Jensen & Meckling, 1976)

This study is grounded by the Agency Theory (Jensen & Meckling, 1976), which provides a foundational and compelling lens for analyzing corporate governance structures. The theory addresses the inherent principal-agent problem that arises from the separation of ownership and control in modern corporations (Shleifer & Vishny, 1997). It posits that the interests of firm owners (principals) and their hired managers (agents) are naturally misaligned, as managers may prioritize personal goals such as job security, prestige, or excessive compensation over the shareholders' goal of wealth maximization. This divergence creates agency costs, which include the costs of monitoring management actions, bonding expenditures, and any residual loss (Bonazzi and Islam, 2007).

Within this framework, the board of directors is conceptualized as a primary governance mechanism instituted by shareholders to mitigate these costs. Agency theory emphasizes the critical monitoring and control function of the board, asserting that specific board characteristics are instrumental in overseeing managerial actions, curbing opportunistic behavior, and ensuring that strategic decisions align with the company's long-term interests and performance (Cabrera-Fernández et al., 2016). The theory provides a rational basis for hypothesizing that optimal board structures including an independent, appropriately sized, and active board are essential for effective oversight, ultimately safeguarding shareholders' interests and enhancing firm value (Vargas-Hernández and Cruz, 2018).



However, while agency theory offers a powerful explanatory model, a comprehensive analysis necessitates acknowledging its limitations and the insights from complementary theoretical perspectives. A pure agency theory view has been critiqued for its sometimes overly mechanistic and control-oriented approach to governance (Kultys, 2016).

2.1.2 Institutional Theory (DiMaggio and Powell, 1983)

This study draws on Institutional Theory (DiMaggio and Powell, 1983) to complement the analysis of corporate governance structures. The theory explains how organizations are shaped by external social, regulatory, and cultural pressures that influence their behavior within a broader institutional environment (Scott, 1995). To gain legitimacy, stability, and access to critical resources, firms tend to conform to widely accepted norms and practices. This conformity arises from coercive pressures such as laws and regulatory requirements, mimetic pressures stemming from the imitation of successful peers, and normative pressures derived from professional and educational standards (Meyer & Rowan, 1977).

Institutional theory suggests that the board of directors' functions as both a monitoring mechanism and a source of legitimacy linking the firm to its institutional environment. Accordingly, Ugandan insurance companies adopt international governance practices such as independent directors and specialized committees to demonstrate credibility and compliance with stakeholder expectations, thereby enhancing their legitimacy and trustworthiness locally and
globally.

However, Institutional Theory is limited by its tendency to downplay internal efficiency concerns and agency conflicts, which can lead to symbolic rather than substantive governance adoption (Fiss & Zajac, 2004). Therefore, this study integrates Institutional Theory with Agency Theory to capture both external legitimacy pressures and internal control mechanisms, offering a more comprehensive understanding of governance and performance in Uganda's insurance industry.

2.2 Empirical Literature Review

2.2.1 Board Characteristics and Performance of Insurance Companies

The board of directors is the cornerstone of corporate governance within insurance companies, bearing critical responsibilities for strategic oversight, risk management, and ensuring regulatory compliance. Effective boards are typically composed of a diverse group of experts in finance, actuarial science, law, and the insurance industry, whose collective expertise underpins sound decision-making and organizational resilience (García-Meca et al., 2021; Khatib and Nour, 2021). This research narrows its focus to four pivotal structural characteristics of boards meeting frequency, diversity, size, and independence to empirically investigate their collective and individual impact on the financial performance of insurance companies. The existing literature reveals a complex and often contradictory relationship between these governance mechanisms and firm outcomes, highlighting a significant need for context-specific analysis.

Board Meeting Frequency is a fundamental mechanism for executing directorial duties. Regular convening is theorized to facilitate rigorous oversight, deepen strategic discussions, and enable timely responses to emerging challenges and opportunities (Elmagrhi et al.,2019). Proponents argue that active engagement through frequent meetings is correlated with enhanced long-term performance, as it keeps the board intimately involved in corporate affairs (Haß et al., 2016; Irshad et al., 2015). However, a contrary stream of research posits a point of diminishing returns, where excessive meeting frequency can become a symptom of micro-management or internal strife, ultimately impairing financial outcomes (Haris et al., 2019). This has been particularly observed in sectors like banking and in family-owned businesses, where frequent meetings may signal underlying problems rather than proactive governance (Farag et al., 2017; Razzaquea et al., 2020). This divergence in findings suggests that the efficacy of meeting frequency is not absolute but is instead mediated by industry-specific pressures, the quality of discussion, and the nature of the challenges facing the firm.

Board Size represents a trade-off between comprehensive expertise and decision-making efficiency (Hahn et al., 2015). Larger boards are championed for their capacity to provide a wider spectrum of knowledge, skills, and networks, which can enhance strategic guidance and improve access to critical resources (Orazalin, 2019). This resource dependence perspective is especially relevant for insurance companies navigating complex regulatory and risk environments. Conversely, agency and group dynamic theories highlight the potential downsides of larger groups, including

coordination difficulties, slower decision-making, and a tendency for individual directors to free-ride, which can dilute accountability and oversight effectiveness (Buertey and Pae, 2021). Empirical evidence reflects this tension, with studies yielding conflicting results some affirming the benefits of larger boards in certain contexts (Rashid Khan et al., 2020), while others identify a negative or curvilinear (inverted U-shape) relationship with performance, indicating an optimal size beyond which inefficiencies dominate (Pathan and Faff, 2013; Kalsie and Shrivastav, 2016).

Board Diversity extends beyond a single dimension to encompass a multitude of attributes, including gender, age, nationality, cultural background, professional experience, and cognitive approach (Walt and Ingley, 2003). This study concentrates specifically on gender diversity as a critical and widely studied aspect. The theoretical premise is that gender-diverse boards benefit from a broader range of perspectives, leading to more robust debate, comprehensive problem- solving, and enhanced monitoring of management (Adams and Ferreira, 2009; Ananzeh, 2021; Mori et al., 2013). However, merely achieving demographic diversity does not guarantee these outcomes. Scholars caution against tokenism, whereby the potential benefits are nullified if diverse voices are not fully integrated into the board's culture and decision-making processes. The impact of diversity is therefore contingent on the board’s ability to leverage its varied composition effectively, transforming it from a symbolic gesture into a substantive strategic asset (Busingwe et al., 2023; Hossain & Oon, 2022).

Board Independence, measured by the proportion of non-executive directors, is widely regarded as a hallmark of robust governance. Independent directors are presumed to provide objective judgment, reduce conflicts of interest, and rigorously protect shareholder value through impartial oversight of executive management and strategy (Farag and Mallin, 2017). A body of research supports this view, linking greater independence to improved financial and social performance (Molla et al., 2021). Nonetheless, this relationship is not universal. Critiques note that in highly regulated industries like insurance, where stringent external oversight already exists, the marginal benefit of additional internal monitoring may be reduced (Ananzeh, 2021). Furthermore, a lack of firm-specific knowledge among independent directors can sometimes lead to less effective challenges and a reliance on management-provided information, potentially weakening their oversight role (Ayadi et al., 2018; Salisu et al., 2019). This underscores the distinction between nominal independence and the substantive, informed engagement that truly drives performance. Therefore, we hypothesize that:

H1: Board characteristics significantly influence the performance of insurance companies

2.2.2 Board Characteristics, Ownership Concentration, and Performance of Insurance Companies

Recent studies are increasingly highlighting that the relationship between board governance and firm performance is not direct but is critically shaped by the firm's ownership structure (Zhu et al., 2022). Ownership concentration where a significant portion of equity is held by a small number of shareholders acts as a powerful moderating variable, fundamentally altering how board characteristics influence organizational outcomes. For instance, Habtoor (2020) in his study in the Saudi banking sector, found that ownership concentration negatively moderates the board-performance relationship. The significant influence of controlling shareholders over board appointments and decisions were shown to undermine the board's effectiveness, ultimately impairing performance. Similarly, Gaur et al. (2015) demonstrated that while certain board attributes like internal directors and professional expertise generally enhance performance, the positive impact of board independence is significantly weakened in firms with high ownership concentration.

Further, Nur Ain et al. (2020) reinforces that corporate governance mechanisms do not operate in a vacuum; their efficacy in driving performance is intrinsically linked to and interacts with the prevailing ownership structures. Therefore, we hypothesize that:

H2: Ownership concentration significantly moderates the relationship between board characteristics and the performance of insurance companies.

CHAPTER 3
RESEARCH METHODOLOGY

3. Chapter Introduction

This chapter reviews theoretical and empirical literature on board characteristics, ownership concentration and firm performance. The theoretical discussion draws on agency theory, highlighting its relevance to the study. The empirical review examines prior findings on the study variables, noting consistencies, contradictions, gaps, and areas of limited research. These insights provided the foundation for formulating the study's hypotheses.

3.1 Research Approach

Research approaches reflect the strategy a scholar employs when addressing a research problem. An inductive approach begins with observations and builds toward theory, whereas a deductive approach starts with existing theories and tests them through empirical data (Bhattacherjee, 2012; Tuli, 2010). Induction relies heavily on patterns that emerge from collected data, while deduction develops hypotheses from theoretical foundations and subjects them to verification. This study followed a deductive approach, drawing on established theories to guide the development of hypotheses and the subsequent analysis of empirical data. According to Sserwanga (2011), logical reasoning depends on conclusions that align with initial propositions, and deduction provides such a framework. Beyond ensuring logical consistency, this approach supports structural modeling of constructs, enhances measurement accuracy through validation and reliability testing, and facilitates theory refinement (Creswell & Creswell, 2018; Johnson & Turner, 2003; Mindra, 2018).

3.2 Research Design

A research design serves as the framework that directs data collection and analysis, enabling the researcher to draw valid conclusions (Saunders et al., 2011). The suitability of any design is judged by its ability to ensure validity and reliability across constructs and relationships under study (Bhattacherjee, 2012). This research was guided by a mixed-methods framework, integrating both quantitative and qualitative approaches. The study adopted a cross-sectional design, with primary data collected through a structured survey instrument to capture a snapshot of the phenomena at a specific point in time.

To strengthen the robustness of findings, the strategy of triangulation was applied, ensuring enhanced validity of measurements, reduction of potential biases, and improved accuracy in assessing insurance company performance (Kasikako, 2021; Moon, 2019). A sequential explanatory mixed methods design was adopted, comprising two distinct phases of data collection. In the first phase, quantitative data were collected through a structured questionnaire, guided by a conceptual framework developed from existing theory and prior research. This phase provided statistical insights into the variables of interest.

The second phase involved qualitative inquiry, conducted through semi-structured interviews. This phase was designed to elaborate upon and contextualize the initial quantitative findings, thereby providing a deeper understanding of the patterns observed (Creswell; Plano Clark, 2018). The integration of both phases enabled the study to generate comprehensive and nuanced conclusions about insurance company performance.

The quantitative component of the study adopted a correlational strategy to analyze the relationships among board characteristics, ownership concentration, and performance. This design facilitated statistical examination and evidence-based inferences regarding the interconnectedness of these variables (Saunders et al., 2012). In contrast, the qualitative component employed a phenomenological approach to provide descriptive insights into the underlying processes and experiences, thereby addressing the how and why behind observed outcomes (Sundler et al., 2019; Creswell, 2006).

3.3 Population, Sampling, and Data Collection

3.3.1 Quantitative Sample

The study focuses on insurance and reinsurance companies operating in Uganda, covering both life and non-life segments. The analysis relies on data from all the 33 firms. Data collection procedures are usually shaped by the selected research design (Creswell, 2014). In this study, respondents' views on the key variables were captured using a structured self-administered questionnaire. The instrument was designed with items measured on a five-point Likert scale to ensure consistency and comparability of responses. For qualitative data this was gathered through semi-structured face-to-face interviews, which provided flexibility for the researcher to adjust the sequencing of questions and to probe further with additional questions when necessary.

3.3.2 Qualitative Sample

To complement and triangulate the quantitative findings, the study incorporated a qualitative component through semi-structured interviews with board members and senior executives of insurance companies. A purposive sampling technique was employed to identify participants with substantial experience and direct involvement in corporate governance and ownership structures within their organizations (Gilakjani et al., 2019). The selection focused on individuals whose strategic and leadership roles provided them with informed perspectives on how board composition and ownership concentration shape firm performance. Data collection proceeded until thematic saturation was achieved, consistent with established qualitative research standards in doctoral-level inquiry (Morse, 2000).

3.4 Unit of Analysis and Unit of Inquiry

In research, the unit of analysis typically refers to the individual, organization, or entity under examination (Corbetta, 2003; Bhattacherjee, 2012). This study focused on governance dynamics within the insurance sector, with attention placed on how board characteristics influence company performance. Accordingly, the unit of analysis was the insurance companies, and inquiry comprised of senior executives specifically general managers, chief executive officers, or heads of operations who also serve as board members within licensed insurance firms in Uganda. These respondents were considered the most appropriate source of information, as they directly participate in both strategic oversight and governance decision-making processes that shape firm performance.

For the qualitative phase, data were collected through interviews with board members from selected insurance companies within the original sample. A purposive sampling strategy was employed to identify and recruit participants, ensuring the inclusion of individuals with relevant expertise and experience (Young ; Casey, 2019). The study targeted a total of six board members, comprising three from life insurance companies and three from non-life companies. While there is no consensus on the ideal size of a qualitative sample, Creswell and Clark (2017) suggest that a range of four to five participants, with at least three per case in multiple case studies, is sufficient to facilitate in-depth analysis.

3.5 Measurement of Variables

The independent variables are derived from established governance literature, with emphasis on board Characteristics such as diversity, independence, size, and meeting frequency. These constructs are adapted from prior empirical studies (e.g., Haris et al., 2019; Orazalin, 2019; Ananzeh, 2021). Firm performance, the dependent variable, is evaluated using non-financial dimensions such as competitive advantage; service quality, and organizational survival (Martinez-Jimenez et al., 2020; Walter et al., 2006). The study model is structured to test the predictive strength of governance features on performance outcomes.

3.6 Data Analysis

Quantitative techniques were employed for data analysis to assess our study objectives. The numerical data collected were processed through both descriptive and inferential statistical methods. Descriptive analysis was used to organize, summarize, and present the associations among variables (Field, 2009), while inferential analysis focused on hypothesis testing to establish the nature of relationships between constructs (Hair et al., 2010). Initial descriptive statistics were run using the Statistical Package for Social Sciences (SPSS). To test the measurement and structural models, Partial Least Squares Structural Equation Modeling (PLS-SEM) was applied due to its robustness, user-friendly interface, and advanced reporting capacity (Wong, 2013). Furthermore, PLS-SEM was employed for moderation and higher-order construct testing to provide deeper insights into the predictive relationships across study variables (Henseler & Fassott, 2010; Hayes, 2015).

For qualitative data we followed Miles and Huberman's (1994) framework, which involves data reduction, data display, and conclusion drawing. Interview transcripts were coded, anonymized, and reorganized for systematic analysis. The researcher immersed in the transcripts, comparing similarities and contradictions in relation to theory (Braun & Clarke, 2006).

3.7 Ethical considerations

Ethical considerations in this study entailed adherence to established research ethics principles that promote honesty, accuracy, and responsibility throughout the research process (Creswell, 2014). Given the sensitivity of corporate governance and company data, particular attention was paid to managing potential ethical challenges associated with interviewing senior executives, whose responses could be influenced by organizational and professional dynamics (Streubertand Carpenter, 2011).

The study was anchored in the three fundamental ethical principles articulated in the Belmont Report (1979) beneficence, respect for human dignity, and justice supplemented by the principles of non-maleficence, veracity, privacy, and confidentiality. These principles guided every stage of the research, from participant recruitment to data reporting, ensuring the protection of participants' rights and the integrity of the research process.

Formal ethical clearance was obtained from the insurance training college in accordance with the ITC's Policy on Research Ethics. Consistent with the assertion by Coldwell and Herbst (2004), ethical approval serves not only to safeguard the rights and welfare of research participants but also to provide a layer of professional protection for the researcher. In this study, it assured compliance with the College's ethical standards while fostering trust and transparency in engagements with senior corporate participants.

CHAPTER 4

ANALYSIS AND DATA INTERPRETATION

4. Introduction

This chapter presents the results of the data analysis, starting with descriptive statistics. It then outlines the measurement model assessment using PLS-SEM, focusing on reliability, validity, and discriminant validity of the constructs. The structural model is subsequently evaluated to test the proposed hypotheses and examine the relationships between lower- and higher-order independent variables and the dependent variable. The chapter concludes with qualitative analysis results and a moderation analysis, assessing how ownership concentration influences the relationship between board characteristics and insurance company performance.

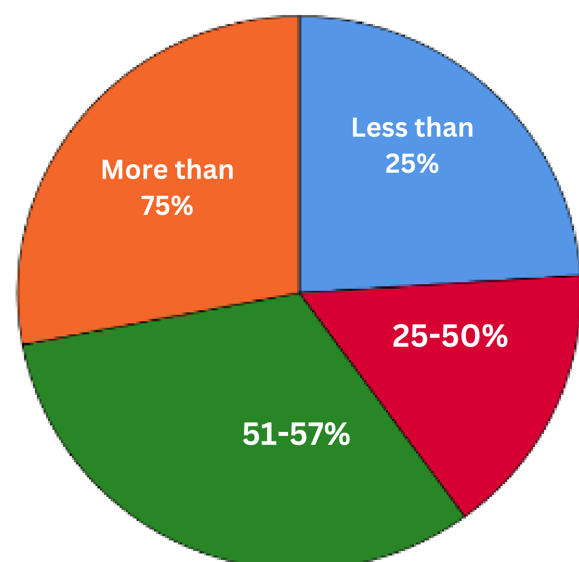
4.1 Respondent Characteristics

This section presents the characteristics of the unit of analysis. Understanding these characteristics is important for contextualizing the findings, as they provide insights into the composition of the sample and potential variations across groups. The detailed description of company boards' characteristics is summarized in the figures below

4.1.1 Number Independent Directors

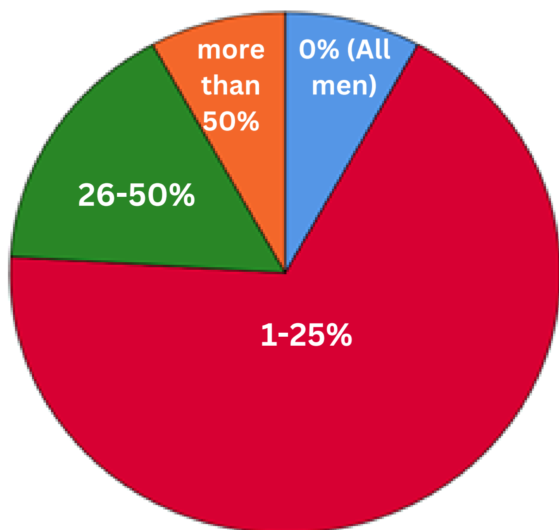
The findings indicate a polarized but generally favorable landscape regarding board independence across the 25 companies studied. A majority (60%) of the firms exhibit strong independence, with independent directors constituting more than 51% of board membership. Conversely, 40% of the firms maintain boards where independent directors account for half or less of the total membership. These results suggest that while a substantial proportion of companies are aligning with governance best practices, a notable minority continue to operate with governance structures that may be less optimal from an independence perspective.

What percentage of your Board Members are Independent (Non-executive) Directors?



4.1.2 Gender Diversity

What percentage of your Board Members are Female?

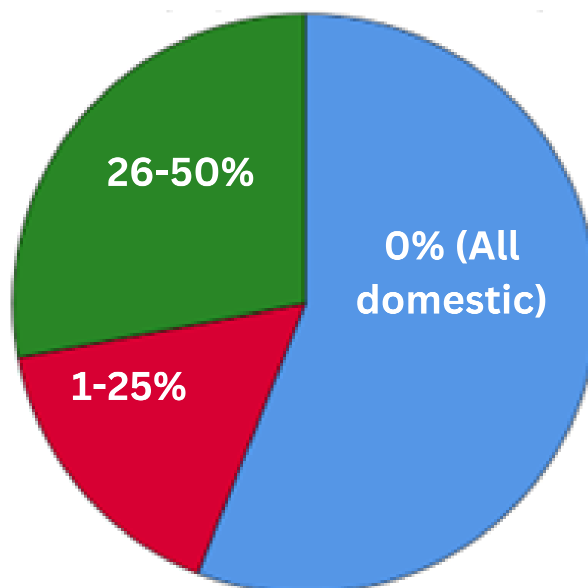


The results indicate a pronounced lack of gender diversity within the boards of the companies studied. Specifically, 76% of the firms have boards where women constitute less than 25% of total membership. This pattern suggests that female representation is largely minimal and often tokenistic, thereby limiting the potential governance benefits typically associated with gender diversity, such as enhanced decision-making and stronger oversight.

4.1.3 Foreign Nationals on Board

The results reveal a significant variation in international board representation among the companies studied. A majority (56%) maintain entirely domestic boards, reflecting a predominantly local orientation. In contrast, 44% of the firms include some level of foreign representation, with 28% exhibiting a substantial international presence, where foreign directors comprise between 26% and 50% of board membership. These findings suggest that although domestically focused boards remain prevalent, a considerable proportion of companies are incorporating international perspectives into their governance structures.

What percentage of your Board Members are of Foreign Nationalities (non-domestic)?



4.1.4 Board Diversity Policy

Does your company have a Formal Policy on Board Diversity (Gender| Nationality)?

The results show that formal board diversity policies have gained traction but are not yet universally implemented. Nearly half of the companies (48%) report having an established policy, whereas the majority (52%) either lack such a policy or are in the process of developing one. These findings suggest that the institutionalization of diversity objectives remains incomplete, with many firms still relying on informal or ad hoc approaches that may be less effective in promoting accountability and meaningful change

4.2 Research Model Assessment

In structural equation modeling, it is standard practice to first evaluate the measurement model to confirm the quality and reliability of the indicators before examining the structural model, which tests the hypothesized relationships between constructs (Sarstedt & Ringle, 2019). In this study, Board characteristics were modeled as a higher-order construct comprising four lower-order dimensions: board independence, board diversity, board size, and frequency of board meetings. Following the guidance of Hair et al. (2017), both lower-order and higher-order measurement models were assessed to establish construct validity and reliability. This process ensured that the indicators accurately captured the underlying concepts, consistent with the recommendations of Bollen and Lennox (1991). Once the measurement model was validated, the structural model was tested to evaluate the direct relationships between independent and dependent variables. In addition, the moderating effect was examined to determine whether the moderator strengthened or weakened the observed relationships.

4.3Reflective Measurement Models

The reflective measurement models were assessed to ensure the reliability and validity of the constructs used in this study. The evaluation focused on internal consistency reliability, convergent validity, and discriminant validity, following established psychometric standards.

As detailed in the provided tables and figures, all constructs demonstrated strong internal consistency reliability, with both Cronbach's Alpha (CA) and Composite Reliability (CR) scores significantly exceeding the recommended threshold of 0.7. Convergent validity was also confirmed, as the Average Variance Extracted (AVE) for each construct was above the 0.5 benchmark. This indicates that the latent constructs account for a substantial portion of the variance in their respective indicators, confirming that the items are highly representative of their underlying constructs.

4.3.1 Factor Loadings

Indicator reliability for the measurement model was assessed by examining the factor loadings of each item onto its respective construct. As shown in Fig.1, the factor loadings for all constructs are well above the 0.70 threshold considered ideal for indicator reliability (Hair et al., 2010, 2017). This confirms that each indicator is a strong and reliable measure of its underlying construct.

Specifically, the factor loadings range from a high of 0.995 (FM4) to a low of 0.818 (BD3). All constructs Board Independence, Board Diversity, Board Meeting Frequency, Board Size, Ownership Concentration, Survival, and Perceived Service Quality demonstrate consistently high loadings, with all values exceeding 0.80.

While the loading for item CA1 (0.492) from the Competitive Advantage construct is notably below the acceptable threshold, the loadings for the remaining items in that construct (CA2-CA5) are all strong, ranging from 0.792 to 0.958. In accordance with the guidance of Hair et al. (2017), the decision was made to retain this indicator as its deletion would not significantly impact the overall validity and reliability of the construct, which is further supported by strong composite reliability and average variance extracted scores. Therefore, the results in Fig. 1 confirm that indicator reliability was successfully achieved.

4.3.2 Reliability and Convergent Validity

The reliability and convergent validity of the reflective measurement models were assessed to ensure the internal consistency and accuracy of the constructs (Bhattacherjee, 2012).

Internal consistency reliability was evaluated using both Cronbach's Alpha (CA) and Composite Reliability (CR). As presented in Table1, all constructs demonstrate exceptional reliability. The CA and CR values for every variable significantly exceed the stringent threshold of 0.70, with many approaching or reaching 0.99 (Hair et al., 2012). This indicates a very high degree of consistency among the indicators measuring each latent construct (Chin, 2010).

Convergent validity, which confirms that the indicators of a construct share a high proportion of variance, was assessed using the Average Variance Extracted (AVE). The results confirm strong convergent validity, as the AVE for every construct is well above the required benchmark of 0.50. The AVE values range from 0.661 to 0.977, indicating that a substantial majority of the variance in the indicators is captured by their respective constructs rather than by measurement error.

Overall, the results robustly confirm that all reflective constructs Board Characteristics, Ownership Concentration, and the dimensions of Company Performance possess strong internal consistency reliability and convergent validity, making them highly suitable for further analysis in the structural model. All measures were significant at the $p < 0.001$ level.

Table.1 Reflective Constructs Measurement Model

	Variable	Codes	(CA ≥ 0.7)	(CR ≥ 0.7)	AVE (≥0.5)
Board Characteristics	Board Independence (BI)	BI	0.967	0.977	0.883
	Board Diversity (BI)	BD	0.928	0.949	0.777
	Board Meeting Frequency	FM	0.994	0.995	0.977
	Board Size (BS)	BS	0.984	0.986	0.941
	Ownership Concentration	OC	0.933	0.954	0.786
Company Performance					
	Survival	S	0.987	0.987	0.951
	Competitive Advantage	CA	0.863	0921	0.661
	Perceived Service Quality	PQ	0.973	0.975	0.902

The loadings for CR: Composite reliability; AVE: Average variance extracted; CA: Cronbach's alpha, and FL: Factor Loadings are significant at $p < 0.001$ level.

4.3.3 Discriminant Validity

Discriminant validity was assessed to ensure that the higher-order constructs in the model are distinct and measure different concepts. This was evaluated using the Fornell and Larcker (1981). Criterion. The Fornell-Larcker criterion requires that a construct shares more variance with its own indicators than with any other construct in the model (Henseler et al.,2015). This is established by comparing the square root of the Average Variance Extracted (AVE) for each construct which represents the constructs overall explained variation with its correlations with all other constructs. For discriminant validity to be confirmed, the square root of the AVE for each construct must be greater than its highest correlation with any other construct (Henseler et al.,2015). As shown in table 2, using the Fornell-Larcker, (1981) the average variance extracted square root values are significantly higher than the corresponding correlation values, suggesting discriminant validity.

Table 2: Discriminant Validity and Higher- Order Construct Measurement Model Assessment

Higher Order Construct	Lower Order Construct	Outer Weights	Outer Loadings	T Statistics	P Values	VIF
Board Characteristics	Board Diversity	0.289	0.939	12.738	0.000	2.248
	Board Independence	0.225	0.801	6.489	0.000	3.123
	Board Size	0.298	0.977	13.973	0.000	2.218
	Frequency of Meetings	0.271	0.958	13.172	0.000	3.118
Company Performance	Survival	0.451	0.919	8.53	0.000	2.2146
	Perceived Service Quality	0.288	0.866	7.349	0.000	1.134
	Competitive Advantage	0.361	0.923	11.597	0.000	1.342

4.4 Evaluation of the Formative Higher-Order Constructs

To accurately represent the complex, multi-dimensional nature of key theoretical concepts in this study, a higher-order model (HOM) was employed. This approach is essential when a latent variable is conceptualized as being formed by a combination of distinct yet related lower-order dimensions (Hair et al., 2017; Jarvis et al., 2003). In this analysis, two primary higher-order constructs were specified formatively: Board Characteristics and Company Performance. This specification is theoretically appropriate as the lower-order components comprising Board Diversity, Independence, Size, and Frequency of Meetings for the former, and Survival, Perceived Service Quality, and Competitive Advantage for the latter are understood to be defining features that collectively cause and form the overarching construct. The latent variable scores generated from the measurement of these lower-order constructs were subsequently used as formative indicators for the higher-order models (Ringle et al., 2012).

Utilizing this hierarchical component model achieves significant model parsimony by consolidating multiple related relationships into a more streamlined and theoretically coherent structure (Wilson, 2007). Consequently, this approach simplifies the structural model and enhances the clarity of testing the core relationships central to this research.

4.4.1 Validation of Formative Higher-Order Constructs

This study employed the disjoint two-stage approach to evaluate the higher-order formative constructs (Becker et al.,2012). This method ensures a robust examination of the hierarchical component model by first validating the lower-order constructs before assessing the higher-order structure. In the first stage, the latent variable scores for the lower-order constructs were estimated. These scores were then used as formative indicators for the two higher-order constructs in the second (Becker et al., 2012). The validity of these formative higher-order constructs was assessed by examining outer weights, outer loadings, and variance inflation factor (VIF) values (Hair et al., 2017). Table,3 the results confirm the constructs' validity and absence of collinearity. All outer weights and loadings for the formative indicators are statistically significant ($p < 0.001$), confirming that each lower-order component makes a meaningful contribution to forming its respective higher-order construct. Furthermore, all Variance Inflation Factor (VIF) values are substantially below the conservative threshold of 3.3 (Hair et al., 2017), with the highest value being 3.123 for Board Independence. This indicates that multicollinearity is not a concern among the indicators, as each provides a unique contribution to the formative construct.

Table 3: Discriminant Validity and Higher- Order Construct Measurement Model Assessment

Higher Order Construct	Lower Order Construct	Outer Weights	Outer Loadings	T Statistics	P Values	VIF
Board Characteristics	Board Diversity	0.289	0.939	12.738	0.000	2.248
	Board Independence	0.225	0.801	6.489	0.000	3.123
	Board Size	0.298	0.977	13.973	0.000	2.218
	Frequency of Meetings	0.271	0.958	13.172	0.000	3.118
Company Performance	Survival	0.451	0.919	8.53	0.000	2.2146
	Perceived Service Quality	0.288	0.866	7.349	0.000	1.134
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4.5 Structural Model Assessment

The structural model was evaluated to test the hypothesized relationships between the study's constructs utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM). The assessment focused on key metrics to determine the model's explanatory and predictive power. (Kline,2005; Hair et al., 2010). Specifically, the standardized path coefficients (β) were analyzed to assess the strength and significance of the direct effects of Board Characteristics and Ownership Concentration on Company Performance. Furthermore, the coefficient of determination (R^2) was examined to evaluate the model's explanatory power, indicating the proportion of variance in the endogenous construct, Company Performance, that is accounted for by the exogenous constructs. The analysis of the direct paths reveals a statistically significant and very strong positive relationship between Board Characteristics and Company Performance ($\beta = 0.736$, $p < 0.001$), providing strong support for Hypothesis 1 (H1). This indicates that enhanced board governance mechanisms encompassing diversity, independence, size, and meeting frequency are a powerful driver of superior organizational performance.

Conversely, the path from Ownership Concentration to Company Performance was found to be negative, weak, and statistically non-significant ($\beta = -0.047$, $p = 0.800$). Therefore, Hypothesis 2 (H2) is not supported by the data. This result suggests that, within this study's context, the concentration of ownership among a few major shareholders does not have a significant direct effect, either positive or negative, on overall company performance.

Furthermore, the proposed moderation effect (H3) was also found to be statistically non-significant ($\beta = 0.166$, $p = 0.280$), indicating that the strength of the relationship between board characteristics and performance is not contingent on the level of ownership concentration.

The model demonstrates exceptional explanatory power for the endogenous construct. The coefficient of determination (R^2) value of 0.822 and the adjusted R^2 of 0.804 indicate that the two exogenous constructs (Board Characteristics and Ownership Concentration) collectively explain 82.2% of the variance in Company Performance. According to Chin's (2010) benchmarks, this constitutes a strong model fit.

Qualitative Data Analysis

To complement and contextualize the quantitative results, the study incorporated qualitative data obtained through semi-structured interviews. The analysis followed the systematic framework proposed by Miles and Huberman (1994), which entails three iterative stages: data reduction, data display, and conclusion drawing. In addition, thematic analysis was employed as a complementary analytical technique due to its accessibility and theoretical flexibility in identifying and interpreting patterned meanings within qualitative data (Braun & Clarke, 2006).

The initial phase involved organizing and condensing the large volume of qualitative information derived from interview transcripts and field notes. Each recorded interview was transcribed verbatim to preserve linguistic accuracy and contextual integrity. To uphold confidentiality and ethical standards, all identifiers including the names of board members, executives, and insurance firms were removed from the transcripts. The data were subsequently subjected to a coding process, wherein text segments were tagged with conceptual labels that captured their substantive meaning. These codes remained linked to the anonymized transcripts, allowing for continuous reference and verification. Summaries were then written, and extraneous information discarded, ensuring that only data pertinent to the research objectives were retained.

The reduced data were organized and visualized to facilitate interpretation. This was achieved through the use of matrices, charts, and network diagrams that provided a structured overview of emerging relationships and themes.

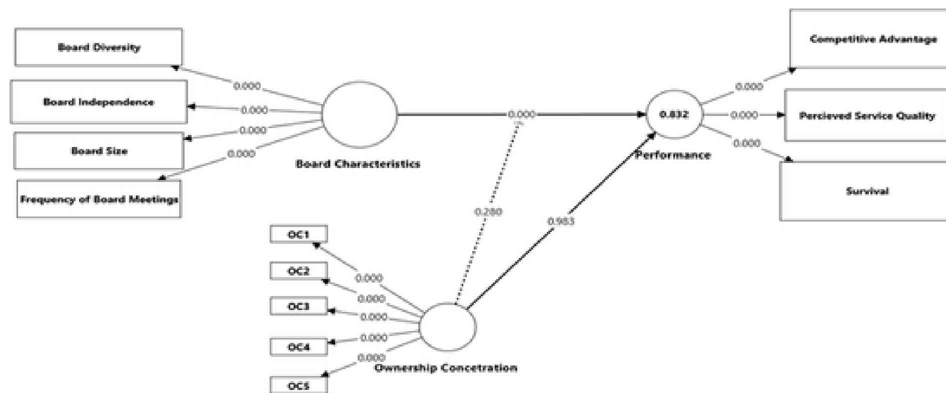
In the final phase, the organized data were systematically interpreted to generate meaning and draw conclusions. The researcher immersed himself in the data by repeatedly reading transcripts while concurrently listening to the audio recordings, ensuring sensitivity to nuances and contextual subtleties in participants' responses. Patterns, convergences, and divergences across cases were examined to identify recurring themes and evidence that either corroborated or contradicted the theoretical propositions underpinning the study. The resulting interpretations were verified through cross-referencing with field notes and compared with the quantitative findings to ensure credibility and triangulation. This integrative approach yielded a comprehensive understanding of the governance dynamics within the Ugandan insurance sector.

Table 4: Direct Path Coefficient – Higher- Order Constructs

Hypothesis	Relationship	β	T value	P value	CI 2.5%	CI 97.5%
H1	Board Characteristics -> Performance	0.936	25.638	0.000***	0.532	0.616
H2	Ownership Concentration-> Performance	-0.47	0.254	0.800	0.460	0560
Moderation Effect						
H3	Mode_ BC. -Ownership. Conc. -> Performance	0.166	1.086	0.280	0.009	0.184

Construct	R^2	*Adjusted* R^2
Company Performance	0.822	0.804

Source: Authors Own Creation



4.6 Qualitative Data Results

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4.6.1 Board characteristics and Performance

The qualitative data obtained from interviews with board members and senior executives underscore that effective corporate governance is grounded in practical, operational realities rather than solely in theoretical constructs. Respondents consistently emphasized that a functional and appropriately structured board, characterized by consensus-driven leadership, a lean but skilled composition, and diverse perspectives, is pivotal for achieving superior organizational performance. Key elements such as board independence, diversity, meeting frequency, and size were highlighted as critical factors in promoting accountability and enhancing performance (Mori et al., 2015).

These qualitative insights align closely with the quantitative findings of the study. Regression analyses indicate that board characteristics, measured through metrics such as independence, size, diversity and meeting frequency, is significantly positively associated with firm performance. Specifically, boards exhibiting higher functional effectiveness and diversity scores corresponded to firms with stronger financial outcomes, supporting the respondents' view that practical board structures drive organizational success.

4.6.2 Ownership Concentration

The qualitative interviews indicate that board governance in firms with concentrated ownership structures is inherently practical, reflecting a balance between the influence of major shareholders and the imperative for strategic oversight. Respondents highlighted that, although dominant shareholders play a decisive role in key organizational decisions, a proactive and competent board can leverage this influence to enhance firm agility, identify growth opportunities, safeguard minority interests, ensure sustainability, and mitigate risks associated with concentrated ownership. According to participants, board effectiveness is characterized by the capacity to challenge management, promote accountability, and continuously adapt to changing organizational and market conditions (García-Ramos & Díaz, 2021).

These qualitative findings correspond closely with the quantitative results, which demonstrate that board proactivity, independence, and strategic engagement are positively associated with firm performance indicators, competitive advantage, survival, and quality services. Firms in which boards scored higher on decision-making engagement, and strategic guidance exhibited superior financial and operational outcomes. The alignment between qualitative perceptions and quantitative evidence emphasizes the critical role of boards in harnessing the influence of major shareholders while maintaining robust governance practices that enhance organizational performance.

CHAPTER 5

DISCUSSION, CONCLUSION AND RECOMMENDATION

5. Introduction

This chapter presents the discussion, conclusions, and recommendations of the study, guided by three main hypotheses and research questions drawn from the theoretical and empirical review. It begins with conclusions linked to each objective, followed by recommendations for the academia, policy, and managers. The chapter closes with an outline of the study's limitations and directions for future research.

5.1 Board Characteristics and Performance

The empirical findings of this study reveal that Board Characteristics are statistically significant and strong positive effect on Company Performance. This outcome not only corroborates but also extends contemporary corporate governance literature by demonstrating that a well-structured and active board functions as a strategic asset rather than merely a regulatory requirement (García-Meca et al., 2021; Khatib and Nour, 2021).

This result provides empirical support to agency theory, affirming that effective boards mitigate owner–manager conflicts through cautious monitoring. In particular, the role of board independence is worthy reinforcing. This finding is in line with Alabdullah et al. (2022), who established that independent directors enhance oversight and reduce managerial opportunism, especially in emerging market contexts. Similarly, the positive contribution of board diversity validates Post and Byron's (2015) meta-analytic conclusion that gender and expertise diversity enrich cognitive processes, improve decision quality, and strengthen organizational outcomes. These findings support the argument that diverse boards are less susceptible to groupthink and better positioned to navigate complex and uncertain business environments (Harjoto et al., 2019). Further, these results also resonate with resource dependence theory, highlighting the board's strategic role in mobilizing external resources and fostering organizational legitimacy.

Also, the observed importance of board meeting frequency is consistent with findings of Elmagrhi et al. (2019), who emphasized that frequent board interactions enhance knowledge exchange and strategic alignment.

Moreover, the finding that board size positively contributes to performance aligns with findings of Aliani et al. (2021), who argue that boards of optimal size strengthen advisory capacity and resource provision while avoiding inefficiencies associated with excessively large boards.

Further, particular significance is the magnitude of the path coefficient, which surpasses many effect sizes previously reported in corporate governance research. This suggests the presence of a potential governance premium, whereby the synergistic integration of board independence, diversity, activity, and size generates disproportionately positive performance outcomes. This interpretation aligns with integrated governance frameworks proposed by Pucheta-Martínez et al. (2021), who advocate for examining governance attributes collectively rather than in isolation, as the interaction among these dimensions yields enhanced explanatory power.

However, while these findings provide strong evidence supporting the governance–performance relationship, it is important to remain cautious about potential endogeneity issues. Prior research (Wintoki et al., 2012; Sila et al., 2016) suggests that this relationship may be reciprocal, as high-performing firms are often more capable of implementing advanced governance structures due to their greater resources, stronger institutional pressures, and higher stakeholder expectations (Khan et al., 2020). Consequently, although the present study demonstrates a robust predictive association, the possibility of bidirectional causality cannot be ruled out. This aligns with broader concerns in diversity research, where endogeneity remains a persistent methodological challenge. Nonetheless, while reverse causality and omitted variable bias warrant attention, these concerns should not detract from the overall credibility and relevance of the study’s empirical findings (Sande and Ghosh; 2018).

5.2 Ownership Concentration and Performance

The results also indicate that ownership concentration has a statistically non-significant relationship with company performance. This finding represents a notable departure from conventional theoretical expectations and invites careful reflection within the broader corporate governance literature. Traditionally, agency theory posits that concentrated ownership should enhance monitoring effectiveness by aligning the interests of major shareholders with those of managers, thereby improving firm performance (Shleifer & Vishny, 1997). However, the absence of a significant effect in this study suggests that, within the insurance industry environment ownership concentration may function more as a neutral factor than as a primary determinant of performance outcomes.

This result is consistent with a growing body of contemporary empirical research that questions the universal applicability of the concentrated ownership–performance relationship. For instance, van Essen et al. (2020), in their meta-analysis, reported substantial cross-country variation in this relationship, with particularly weak effects observed in emerging markets where institutional and regulatory factors may overshadow ownership dynamics. Similarly, Bashir et al. (2021), in a longitudinal study of firms in similar economic contexts, concluded that ownership concentration explained little variation in performance once board effectiveness and managerial competence were taken into account.

Several possible explanations can account for this non-significant finding. For instance, the substitution hypothesis provides a probable interpretation. According to this view, when alternative governance mechanisms are robust, the marginal value of concentrated ownership diminishes (Demsetz& Villalonga, 2001). The exceptionally strong positive effect of board characteristics in this study supports this argument: highly effective boards may reduce the need for concentrated owners to actively monitor managerial behavior, thereby rendering ownership structure less impactful.

Also, the alignment versus entrenchment contradiction offers further insight. While concentrated ownership can theoretically align shareholder and managerial interests, it may also facilitate the extraction of private benefits by dominant shareholders at the expense of minority investors (Iturriaga & San-Zaez, 2021). These competing forces alignment on the one hand and entrenchment on the other may effectively neutralize each other, resulting in the statistically insignificant outcome observed. This interpretation is consistent with the findings of Ughetto et al. (2023), who reported similar offsetting effects in European firms.

Further, the institutional context plays a critical moderating role. The effectiveness of ownership concentration is heavily contingent upon the strength of legal protections for minority shareholders and the maturity of institutional frameworks (Zhu et al., 2022). In environments where investor protection is weak, concentrated ownership may fail to deliver its theoretical governance benefits, as dominant shareholders are subject to limited accountability. This aligns with findings of Aboud and Diab (2022), who demonstrated that ownership concentration positively influenced performance only in countries with robust legal and regulatory systems.

5.3 Moderating Effect of Ownership Concentration

The analysis further examined the potential moderating effect of ownership concentration on the relationship between board characteristics and company performance. The results reveal a statistically non-significant moderating effect. This finding indicates that the strong positive impact of effective board governance on firm performance persists regardless of ownership structures within the insurance sector. Such an outcome aligns with emerging governance research in highly regulated industries, which suggests that regulatory oversight and sector-specific governance requirements often diminish the moderating role of ownership concentration (Boateng et al., 2022; Elmagrhi et al., 2023).

Within the insurance context, the result can also be explained by technical complexity of insurance operations, including underwriting risk and actuarial decision-making, may limit the ability of even dominant shareholders to influence strategy beyond the professional expertise of board members. This interpretation is consistent with Zhu et al. (2023) and Akben-Selcuk (2023), who argue that in knowledge-intensive financial services, board expertise has a stronger impact on performance than ownership structures.

5.4 Conclusion

The findings of this study emphasize the critical role of board characteristics in driving company performance within the insurance industry. The results revealed a strong and statistically significant positive effect of board characteristics including; independence, diversity, meeting frequency, and board size on firm performance. These findings support both agency theory and resource dependence theory, affirming that effective boards not only mitigate owner–manager conflicts but also enhance strategic oversight and resource mobilization.

In contrast, ownership concentration exhibited no significant effect on company performance, suggesting that in the insurance sector, shareholder structure is a neutral governance mechanism. This aligns with emerging evidence that the effectiveness of ownership concentration is highly context-specific and often overshadowed by stronger governance mechanisms, such as robust boards. Similarly, the moderation analysis demonstrated that ownership concentration does not significantly alter the board performance relationship, implying that effective governance remains a key performance driver regardless of ownership structures.

Overall, these results highlight the primacy of board governance in the insurance sector, particularly in highly regulated environments where solvency, risk management, and compliance demands are central. At the same time, the findings caution against assuming universal governance models, instead calling for context-sensitive approaches that account for industry-specific dynamics.

5.5 Recommendations

Based on the findings of this study, several practical recommendations can be advanced for insurance companies, regulatory authorities, and the academic community.

For insurance companies, they should prioritize strengthening their governance frameworks by enhancing the independence and diversity of their boards, ensuring that decision-making is grounded in objectivity and enriched by a wide range of perspectives. This includes appointing additional independent directors and intentionally recruiting members with varied professional backgrounds, expertise, and gender representation.

Firms should also regularly evaluate and refine board size to achieve an optimal balance between strategic resource availability and efficient deliberation. Moreover, governance effectiveness can be further reinforced by institutionalizing consistent, well-structured board engagement through scheduled meetings that emphasize strategic oversight, risk management, and knowledge exchange rather than merely routine administrative updates.

For policymakers, Regulators should advance sector-wide governance quality by developing comprehensive, insurance-specific corporate governance codes that reflect the industry's unique risk exposures, regulatory demands, and capital structures. These standards should include clearly defined thresholds for board independence and diversity, establishing minimum expectations for the proportion of independent directors and for balanced gender and skills representation. In parallel, oversight mechanisms should focus on proactively assessing ownership patterns to identify risks associated with concentrated shareholding, particularly the potential for minority shareholder disadvantage in environments where investor protections remain limited. Collectively, these measures would promote more resilient governance practices and enhance accountability across the insurance sector.

For the academia, Future research should prioritize sector-specific investigations that illuminate how governance mechanisms operate within the insurance and broader financial services industries, rather than relying on frameworks originally developed for manufacturing contexts. Scholars are encouraged to delve into the complex and potentially non-linear dynamics among governance variables, including how elements such as board diversity may interact with or moderate the effects of board size, independence, or other structural features. Advancing the methodological rigor of governance research is also essential, particularly through the use of sophisticated analytical approaches such as Structural Equation Modeling and dynamic panel techniques, which can better capture causal pathways and temporal effects. Additionally, comparative cross-country studies would offer valuable insights into the role of institutional and regulatory environments in shaping governance effectiveness, contributing to the development of more nuanced and globally applicable theoretical models.

5.6 Limitations and Areas for Future Study

This study focused exclusively on insurance companies in Uganda, examining the influence of board characteristics and ownership concentration on firm performance. Given the institutional, regulatory, and cultural differences across countries, broad generalizations beyond this context should be made with caution. Future research could extend the scope by incorporating data from diverse markets and jurisdictions, enabling comparative analyses that strengthen the external validity of the findings. Additionally, the study concentrated narrowly on-board characteristics and ownership concentration, yet firm performance is often shaped by a wider range of governance and structural factors. Expanding future research to include other determinants such as executive compensation, audit quality, risk management practices, and market dynamics would facilitate cross-variable comparisons and provide a more comprehensive understanding of how governance mechanisms interact to influence insurance company performance.

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