ENTERPRISE RISK MANAGEMENT (ERM) COMPLIANCE OBJECTIVE AND VALUE OF INSURANCE COMPANIES IN NIGERIA

Ahmed Yabagi Muhammed, Bello Sabo & Joseph E. Aneke
Department of Business Administration, Ahmadu Bello University, Zaria, Nigeria
&
Muhammad H. Sabari
Department of Accounting, Ahmadu Bello University, Zaria
E-mail: yabagi90@gmail.com +2347031300425

Abstract
Developments in corporate governance and risk management issues that have led to the collapse of business all over the world have made businesses as well as researcher to reassess the link between risk management and value. Studies have shown the effect of regulatory compliance with ERM and firm value. Yet, the role of the board in terms of their commitment in this relationship has been ignored. Hence, this study suggests a new theoretical framework that includes in the model the moderating role of board commitment in the relationship between regulatory compliance with ERM and firm value. The paper identified board commitment as a strategy that may enhance the monitoring capabilities of the board of directors and commitment towards compliance with ERM regulatory framework.
Keywords: Directors, risk management, firm, value

Introduction
The developments in corporate businesses all over the world that led to the dramatic collapse of the Enron Corporation, an American company, in 2001, and the subsequent dissolution of Arthur Andersen, have put the discourse of corporate governance and risk management under scrutiny. In Nigeria, major cases of similar corporate scandal in the financial sector include the collapse of the banking sector with 26 banks liquidated in 1997 and in 2006, the falsification of financial statements in Cadbury Nigeria PLC (Adekunle & Taiwo, 2013) and the more recent post consolidation banking crises of 2009 in Nigeria when the Central Bank of Nigeria (CBN) declared 10 banks to be insolvent. Similarly, several insurance companies in Nigeria have gone out of business; while some have been acquired or merged due to poor performance, following poor corporate governance practices (Fadun, 2013). All of these events had their deep impacts on the investment of shareholders and has been attributed to poor monitoring of the levels of compliance and enforcement mechanisms of sound corporate governance and risk management practices by Nigerian regulatory agencies (Ibuakah, 2012). According to Ahmed and Manab (2006), it has encouraged sharp business practices which have continued to put the fortunes of a large portion of investors in extreme risk.

Similarly, Nigeria's insurance sub-sector appears to be playing a passive role in economy trailing behind in major policy reforms required for harnessing the huge economic potential that remains largely untapped in the industry (Asinobi & Ojo, 2014). Although, the sector has attracted relatively large volumes of foreign private investments in recent years owing to the nation's population, its emerging middle class and despite its lingering low insurance penetration that stood at 0.6% compared to the 3.3% African average (Lagos Business School, 2016). The Industry performance has continue to be low because it contributes less than 1% to the nation's gross domestic product in a country of about 180 million people (National Bureau of Statistics, 2015).

According to Egerue (2016) an issue of concern in the emerging market insurance industry has been the fragile, unstable or at best flat return on investment and which some analysts have attributed to strains of expansions from mature markets to the emerging markets. He further, posited that the dominant opinion however is that the return on equity (ROE) figures are not encouraging because of inherent contradictions evident in the slow growth rate of the mature markets which could be attributed to poor risk management culture. The consequence of this situation is that most insurers are barely managing to improve their bottom line and return on investment. To support this, the market valuation for the industry showed that the market has not priced in their real value, thus represents undervalued industry with low Price to Book Value (PBV) of 0.76 with a ROE figure of 5.21% for an industry mean player, as well as a 0.71 PBV with a ROE of 3.95% for a median industry player. Also, available industry data shows that the total industry gross premium stood at N233.75 billion and N200.38 billion respectively for the year 2011 and 2010 respectively compared to N60.20 billion and N53.82 billion in total claims for the industry for the same period. This depicts an annual growth rate of 16.66% and 5.48% in 2011 and 2010 for total gross premium compared to 11.87% and -13.16% for industry's total claims (PanAfrica, 2013). However, this total gross premium is far less than the total deposit mobilised by any single bank in Nigeria and therefore presents opportunity for improvement.

Globally, regulators (including National Insurance Commission [NAICOM]) are increasingly focusing on ERM due to the global financial crisis and corporate scandals where Banks and Insurance companies were among the most highly hit by the crises and are still suffering from the shock (Sanusi, 2010). For example, the Nigerian stock market lost approximately 70 percent of its stock value between 2008 and 2009. Subsequently, the market capitalization continued to experience an annual decline of about 17.42 percent (Security and Exchange Commission [SEC], 2012). The NSE insurance index has also witness a drop by 2.11% in 2014, 4.70% in 2015 and 11.44% in 2016. Consequently, studies have cited inefficiencies in risk management as the prime cause of poor firms' performance in Nigerian insurance sector (IMF, 2013). In addition several financial institutions in the last few years have become bankrupt, not merely because of risk management, but also because of failures of monitoring systems and weak internal control due to weak board of directors and ineffective top management (CBN, 2011).

According to Lam (2003), effective risk management demands business entity to deal with both underlying risk and the interrelationships between risks. Thus, the emergence of ERM to address the risk management challenges faced by insurance companies and other business enterprises. So many authors have defined ERM. However, Casualty Actuarial Society [CAS] (2003) defines ERM as disciplines by which an organisation in any industry assesses, controls, exploits, finances, and monitors risks from all sources for the purposes of increasing the organisation's short-term and long-term value to its stakeholders. ERM involves identifying, assessing, managing and monitoring an organisation's opportunities and threats. It is a process, affected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives (Committee of Sponsoring Organisation of the Tradeway Commision [COSO], 2004).

In the literature, argument that is gaining momentum is that ERM adoption has been compelled by a series of legal compliance and corporate governance requirements (Acharyya, 2008; Kleffner, Lee & Mcgannon 2003; Liebenberg & Hoyt, 2003; Manab, Kassim & Hussin, 2010). Most of these requirements are the mandatory laws or regulations, and non-mandatory reports or standards that created public pressures and benchmarks for sound risk management practices. Table 1 below illustrates several sources of compliance and corporate governance requirements

Table 1: Regulatory Compliance and Corporate Governance Requirements

Initiatives	Country	Description	Year
Saraes-Oxley Act (SOA)	U.S	Enacted in 2002 as a reaction to major scandals including those affecting Enron and WorldCom	2002
Dey Report	Canada	Requires companies to report adequacy of internal control	1994
AS/NZS 4360	NewZealand/Australia	Called for formalized system of risk management	1995
UK Corporate Governance Code	UK	The code consolidate and refines previous reports and codes concerning corporate governance such as Greenbury Report	2010
ISO 3100:2009		Provide generic guideline intended to promote the adoption of consistent process so as to ensure the risk is managed effectively, efficiently across organisation	2009
COSO		provide generic guideline intended to promote the adoption of consistent process so as to ensure the risk is managed effectively, efficiently across organisation	2004
Guideline for Developing Risk Management	Nigeria	Sets minimum standard required from each and every insurer and reinsurer by which they can provide a reasonable assurance to the Commission, policy holders, shareholders and other stakeholders that the risks to which they are exposed are being soundly and prudently managed	2012

Authors Compilation, 2017

Several studies (See, e.g., Nocco & Stulz, 2006; Beasley, Pagach & Warr, 2009; Hoyt & Liebenberg, 2008, 2011; McShane, Nair & Rustambekov, 2011; Tahir & Razali, 2011; Gates, Nicolas & Walker, 2012; Baxter, Bedard, Hoitash & Yezegel, 2013; Farrell & Gallagher, 2014; Li et al., 2014; Lechner & Gatzert, 2016) have been conducted to establish the value relevance of ERM implementation for example Arena, Arnaboldi, and Azzone, (2010) and Mikes (2011) assert that organizations engage in ERM for two key reasons, first compliance reason (e.g. adherence to directives, regulations and legislation) and second performance (e.g. optimization of effectiveness and efficiency).

However, other studies have also suggested that implementation of ERM often fail to bring intended benefits (Beasley *et al*, 2009) which could be as a result poor monitoring, while others such as McShane *et al*. (2011) are of the view that the relationship between ERM and firm value is inconclusive due to mixed findings (Abdullah, Zakuan, Khayon, & Ariff, 2012; Bertinetti, Cavezzali, & Gardenal, 2013; Togok, Ruhana, & Zainuddin, 2014). Hence, the inclusion of contingent variables to strengthen the relationship between ERM implementation and firm value is necessary as suggested by Gordon, Loeb and Tseng, (2009). Since ERM implementation is a board decision, the study therefore argued that alignment of interest between board members and the owners may likely strengthen risk management decisions which may eventually improve value. Therefore, in line with Baron and Kenny (1986) who opined that a moderating variable can be introduced where a relationship is either unexpectedly weak or inconsistent, this study introduced board commitment as a moderating variable with the possibility of strengthening the relationship between ERM and value of insurance companies in Nigeria.

Literature review

Firm value

The main purpose of a firm according to economic and finance theory is to create value. However, value means different things to different people. A firm has different stakeholders and it needs to consider the effect of its actions on their value. To customers, it entails products or services that are consistently useful. To employees, it means being treated with respect, being involved in decision making, excellent reward opportunities and continuous training and development. To shareholders and credit lenders, it means high returns on their investment (Touati, 2013).

According to Copeland, Koller & Murrin (2000) shareholder value is created in the real market by earning a return on the investment greater than the opportunity cost of capital. Thus, the more you invest at a return above the cost of capital the more value you create. That means that growth creates more value as long as the return on the capital exceeds the cost of capital. The purpose of a firm is defined as long-term value creation (Monks & Minow, 2001). Against this background it is possible to determine how the management of a firm should be organised to achieve this objective and how it should be motivated to ensure that it strives towards creating value. It can also be used by the shareholders of the firm to evaluate whether management has achieved this objective.

The standard focus of the conventional accounting system and reporting of value creation is basically on shareholder value maximization, which can be directly obtained from financial statements. Similarly, it is generally accepted in financial management theory that the maximisation of the shareholders' wealth should be the major objective of a firm (Brigham & Houston, 2001). It was found that by allowing the shareholder value of the firm to be maximised the other stakeholders also benefited. The concept of shareholder value maximisation is often criticised because it is feared that this approach may result in an exploitation of the firm's other stakeholders (Barsky, Hussein & Jablonsky, 1999; George, 2003).

However, counter arguments, indicate that this approach indirectly results in the maximisation of the other stakeholders' value as well (Copeland, Koller & Murrin, 1994). Furthermore, the idea of shareholder value maximisation is consistent with the work of Adam Smith. In "The Wealth of Nations", published in 1776, he indicates that the maximisation of the shareholder wealth eventually benefits the employees, customers, and the society in general, either directly or indirectly, benefit from the success of the firm. Therefore, this study will be examining firm value from the shareholder perspective using Tobin's Q as proxy.
Tobin's Q will be used in this study because it does not require standardization or risk adjustments (Hoyt & Liebenberg, 2011) and is hardly subject to managerial manipulation (Lindenberg & Ross, 1981), which is also why Lang and Stulz (1994) state that Tobin's Q is advantageous as compared to other performance measures such as stock returns or other accounting measures. The benefits of enterprise wide risk management are not expected to be realized immediately but rather over time (Hoyt & Liebenberg,

2008), therefore future oriented view which contrasts with historical accounting performance measures like the return on assets, is another important advantage of Tobin's Q.

ERM compliance objective and firm value

In the enterprise's day-to-day operating environment one of the main objectives is compliance to the applicable laws and regulations among the many other business objectives and that is why George, Imler, and Singer (2007) opined that business leaders need to put a mechanism that will make compliance everybody's job. This objective is especially apparent in highly regulated industries such as insurance and banking. Shamieh (2007) believed that ERM is able to enhance firm value through all it does to achieve regulatory compliance. This is because the cost of not being compliant may be large fees or even termination of operation (Heneghan, 2008), hence risk management will not be attained without compliance.

According to Heneghan (2008) Compliance is risk of adverse legislation. Compliance can also relate to meeting firms' internal corporate governance requirements (Samad & Lai (2011). Owing to this, the cost incurred in such compliance initiatives can make up a significant chunk of the overall business operating cost. Compliance describes the objectives organizations hope to achieve by taking steps to obey relevant legislation and regulations guiding business operations. It considers organizational reporting on legal, contractual, and other regulatory requirements (Wu & Olson, 2008)

The recent global incidents of corporate fraud had encouraged firms and the relevant regulatory agencies to enact regulations that will instill best corporate governance practices. Thus, complying with these regulations is either because of positive expectations or to avoid specific punishments Kelman (1958). However, the belief is that compliance is said to occur when individuals or organizations get attracted by the anticipation of expected positive gain. Compliance with regulations and standards is an important risk management factor that determines its success (Martens and Teuteberg, 2011). This making compliance an essential component of ERM (Berenbeim, 2004). Compliance can be viewed from different perspectives i.e compliance with regulations or compliance audits (Martens & Teuteberg, 2011).

Studies have confirmed the importance of having sound relationships between risk management, and compliance to achieve organizational goals and enhance shareholder value. Shimpi (2005) argued that compliance is considered an essential component of ERM to achieve firm performance. Therefore, achieving ERM objectives without adequate compliance with corporate governance provisions will be difficult (Rosen & Zenios, 2006). The requirements of corporate governance are expected to support and sustain an effective risk management practices (Paape & Spekle, 2012). Brown, Pott, and Wompener (2013) explored the effects of compliance with internal control and risk management (ICRM) reform on the earnings quality of firms in Germany. The study revealed that compliance with ICRM significantly influenced earnings quality. In contrast, Kedia, Luo, and Rajgopal (2016) reported a strong positive association between a noncompliance culture and firms' ability to misrepresent financial reports.

Gozman and Currie (2015) reported that the management of post-2009 global financial meltdown provides new managerial challenges that firms had to make a complicated and costly adjustment to achieve their objectives. The study revealed that the complex environment had forced financial institutions to be more meticulous in complying with regulatory provisions. They argued that adherence to specific regulations might provide an opportunity for managers to design a robust operational guide to face the challenging business environment.

Similarly, Abiola and Ojo (2012) studied the impact of compliance with regulatory requirements and corporate governance on firm performance. The study revealed that compliance is positively related to firm performance. The findings cannot be generalized because judgmental sampling technique was used in the study. However, the evidence about the level of compliance with risk management among financial firms is not clear (Akinkoye & Olasanmi, 2014). The study examines the effect of compliance with ERM on value.

Board commitment: A moderating variable

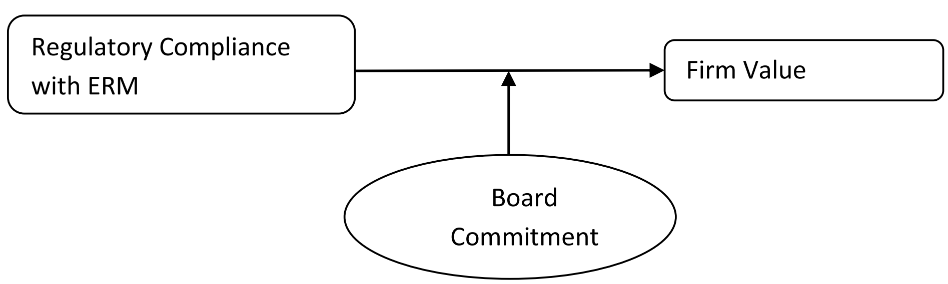
The board of a firm is responsible for the long term success of the firm by ensuring that the firm is appropriately managed and achieves the strategic objectives it sets. The board discharges these responsibilities through annual programme of board meetings where issues are discussed and decisions taken. How boards commonly organize themselves to work together effectively, how directors relate to one another, how the board interacts with management, and how decisions actually get made constitute board commitment (Leblanc & Schwartz, 2007).

Board commitment refers to the ability of the board to carry out various administrative activities that will enhance the smooth running of boards. Board commitment issues that are of interest include number and schedule of board and committee meeting (Ogbechie, 2012). Similarly, Levrau and Van den Berghe, (2006) believed that another area of board operations that could impact board commitment is the conduct of board meetings and the frequency of such board meetings. Also, McNulty and Pettigrew (1999) have suggested that board influence is strongly determined by the processes and conducts of board meetings. However, the limited amount of available evidence seems to point to the belief that more frequent meetings are a reaction to poor company performance, rather than a desire to monitor and safeguard against poor firm value (Vafeas, 1999).

The relationship between board commitment and value of firm has been built on the theoretical argument of the Agency theory by Jensen and Meckling, (1976). The proponents of board commitment have argued that commitment of the board of directors will serve as a tool that will align the interest of the directors with the interest of the shareholders. It is argued that as board members are encouraged to be committed, the board will align their interest with those of the stakeholders and will make decisions that will increase shareholder value (Jensen & Meckling, 1976). Thus, the implementation of any policy decision that will improve firm value is encouraged as boards' interests become more aligned with that of shareholders.

Among the early studies on factors that affect ERM implementation within organizations is one by Kleffner, Lee and McGannon (2003). The study found that, the reasons for adopting ERM includes commitment from board of directors (BOD). In a later study by Beasley et al. (2005), it was suggested that board and senior management leadership on ERM is critical to extensive ERM deployment. In another study which looked at the composition of the top management as the determinant for ERM adoption found positive association between ERM and the percentage of outside directors who are expected to be commited (Desender, 2011). Ahmed and Manab (2016) also assert that to identify, assess and address all forms of risks the full commitment of management and board of directors (BOD) is essential. This study therefore, will investigate the moderating effect of board commitment on the relationship between ERM compliance objective and value of insurance firm in Nigeria. The proposed model is shown below:

Figure 1: Proposed framework



Methodology

Given that the study intends to collect data on compliance with ERM, firm value and board commitment of insurance companies from 2014-2016, the study will adopts the panel and correlational design. The choice of this period is because of the fact that major reform in the sector took place in 2009 and the guideline for the implementation of ERM was issued in 2012. Panel design is informed by the fact that data for the study will be collected over time for a number of firm observations. The population of this study consists of the twenty five Insurance Companies listed under the "Financial Institutions" sectors of the Nigerian Stock Exchange (NSE) as at 20th July, 2017 (NSE, 2017).

The insurance industry was chosen for the study because the insurance industry is in the business of risk management and they are on the forefront of implementing ERM. For an insurance company to be part of the sample however, the following criteria must be met:

1. Financial statements of the insurance company must be regularly published and made publicly available.

2. Data/information on the insurance company about ERM and Data relating to the Board commitment proxied by number of board meetings must be available in the annual report of the insurance companies.

This study will relies solely on data collected from secondary sources, that is, from the annual reports of the insurance companies. Specifically, since the reporting of the implementation of ERM is not mandatory, all the financial reports will be collected by hand and a detailed search for ERM evidence (explicit or implicit, like e.g. the hiring of a Chief Risk Officer) in the company disclosure will also be performed.

The study will utilize the Panel Regression to test the hypothesis. The model is specified as follows:

$$FV_{it} = \alpha_0 + \beta_1 COM_{it} + \beta_2 BCO_{it} + \beta_3 COM_{it} * BCO_{it} + \mathcal{E}_{it} \ldots\ldots\ldots\ldots (1)$$

Where: FV is firm value, COM is compliance, BCO is board commitment,

The variables of the study will be measured as shown in Table 2 below:

Table 2: Variable measurement and description

Variable Name	Variable Type	Description/Measurement	Source	Expected Sign
Firm Value	Dependent	To calculated as (market value of equity + book value of liabilities) / (book value of assets)	Hoyt, Moore and Liebenberg (2008), Hoyt and Liebenberg (2009)	Positive
Compliance	Independent	To be calculated as sales divided by total assets	Tseng(2007), Gordon *et al*, (2009)	Positive
Board Commitment	Independent/ Moderator	To be calculated by Number of board meeting in a given year	Ogbechie (2012)	Positive/Negative

Source: Author's compilation

Conclusion

This paper proposed a conceptual framework in respect of an ongoing research effort to investigate the moderating effect of board commitment on the relationship between ERM compliance objective and firm value of insurance companies in Nigeria as illustrated in the figure above. The proposed model will have some implications. First, validating the model will make insurance companies appreciate the impact of implementing a holistic risk management approach in organizations by enabling them shift the focus of the risk management function from primarily defensive to increasingly offensive and strategic and hence provides a new way to improve firm value. The framework will also look at board commitment as a strategy that will help align the interest of the shareholders and the board members which will further enhance the monitoring capabilities of the board of directors and commitment towards compliance with regulatory framework. Finally, the findings of this research will provide a substantial contribution to ERM literature, business managers, and regulatory agencies.

References

Abdullah, N. A., Zakuan, N., Khayon, M., & Ariff, M. S. (2012). Adoption of Enterprise Risk Management Practices in Organization : A Review. *International Journal Business & Information Technology*, *2*(1), 1–9. http://doi.org/10.5539/ass.v7n5p180

Abiola, J. O., & Ojo, S. O. (2012). Compliance with Regulatory Financial Reporting and Corporate Governance Practices in Selected Primary

Mortgage Institutions in Nigeria, *International Journal of Business and Social Science 3*(15), 246–254.

Acharyya, M. (2008). In measuring the benefits of enterprise risk management in insurance: An integration of economic value added and balanced scorecard approaches. *Society of Actuaries*, 1–25. Retrieved from http://eprints.bournemouth.ac.uk/11457/1/licence.txt

Adekunle, A. & Taiwo, A. (2013). An Empirical Investigation Of The Financial Reporting Practices And Banks ' Stability In Nigeria. *Kuwait Chapter of Arabian Journal of Business and Management Review, 2*(5), 157–180.

Ahmed, I., & Manab, N. A. (2016). Moderating Role of Board Equity Ownership on the Relationship Between Enterprise Risk Management Implementation and Firms Performance: A Proposed Model. *International Journal of Management Research & Review*. 6(1), 21-30

Akinkoye, E. Y., & Olasanmi, O. (2014). Corporate Governance Practice and Level of Compliance among Firms in Nigeria : Industry Analysis. *Journal of Business and Retail Management Research* 9(1), 13–26.

Arena, M., Arnaboldi, M., & Azzone, G. (2010). The organizational dynamics of Enterprise Risk Management. *Accounting, Organizations and Society*, *35*(7), 659–675. http://doi.org/10.1016/j.aos.2010.07.003

Asinobi, N. & Ojo, O. (2014). Nigerian Insurance Sector Report: Beacon Shining Forth. Lagos: Cardinal Partners. Equity Research

Barsky, N.P., Hussein, M.E., & Jablonsky, S.F. (1999). Shareholder and stakeholder value in corporate downsizing: The case of United Technologies Corporation. *Accounting, Auditing & Accountability Journal*, 12(5), 583-604

Baxter, R., Bedard, J. C., Hoitash, R., & Yezegel, A. (2013). Enterprise risk management program quality: Determinants, value relevance, and the financial crisis. *Contemporary Accounting Research*, *30*(4), 1264–1295. http://doi.org/10.1111/j.1911-3846.2012.01194.x

Beasley, M. S., Clune, R., & Hermanson, D. R. (2005). Enterprise risk management: An empirical analysis of factors associated with the extent of implementation. *Journal of Accounting and Public Policy*, *24*(6), 521–531. http://doi.org/10.1016/j.jaccpubpol.2005.10.001

Beasley, M., Pagach, D., & Warr, R. (2008). Information conveyed in hiring announcements of senior executives overseeing enterprise-wide risk management processes. *Journal of Accounting, Auditing & Finance*, *23*(3), 311–332. http://doi.org/10.1177/0148558X0802300303

Berenbeim, R. (2004). The Value Based Enterprise: A New Corporate Citizenship Paradigm. *In Asia Foundation's Hong Kong Symposium on Corporate Citizenship and the Taipei Corporate Citizenship Forum, 27–9. Hong Kong, 2004.*

Bertinetti, G. S., Cavezzali, E., & Gardenal, G. (2013). The effect of the Enterprise Risk Management implementation on the firm value of European companies. *SSRN Electronic Journal*, (10), 23.

Brigham, E. F., & Houston, J. F. (2001). Fundamentals of financial management. Concise 3rd edition. Mason, oh: South-Western College Publications.

Brown, N. C., Pott, C. & Wömpener, A. (2013). The Effect of Internal Control and Risk Management Regulation on Earnings Quality: Evidence from Germany. *Journal of Accounting and Public Policy* 33(1), 1–31

CBN Deputy Governor, (2011) Financial system stability, Dr.Chiedu K. Moghalu, remark made at the 2011 global policy forum of the Alliance for Financial Inclusion (AFI), in Mexico.

CAS, (2003). Overview of Enterprise Risk Management. Casualty Actuarial Society, Arlington, TX.

Copeland, T., Koller, T. & Murrin, J. (1994). *Valuation: Managing and measuring the value of companies. 2nd ed*. New York. Wiley.

Copeland, T., Koller, T. & Murrin, J. (2000). *Valuation. Measuring and managing the value of companies. 3rd Edition.* New York: Wiley.

COSO (2004). Enterprise Risk Management, 1–17. Retrieved from http://www.hcca-info.org/portals/0/pdfs/resources/conference_handouts/compliance_institute/2011/102-2.pdf

Desender, K. A. (2011). On the determinants of enterprise risk management implementation. Enterprise IT governance, business value and performance measurement, Nan Si Shi and Gilbert Silvius, eds., IGI Global.

Egerue, P. E. (2016). The Insurance Industry, National Economic Shifts and New Business Realities, Lecture Delivered at the 2016 Insurance Professionals Forum of the Chartered Insurance Institute of Nigeria

Fadun, O. S. (2013). Promoting "Enterprise Risk Management" Adoption in Business Enterprises : Implications and Challenges, 2(1), 69–78.

Farrell, M., & Gallagher, R. (2015). The Valuation Implications of Enterprise Risk Management Maturity. *Journal of Risk and Insurance*, *82*(3). http://doi.org/10.1111/jori.12035

Gates, S., Nicolas, J.-L., & Walker, P. L. (2012). Enterprise Risk Management: A Process for Enhanced Management and Improved Performance. *Management Accounting Quarterly*, *13*(3), 28–38. http://doi.org/10.5539/ass.v7n5p180

George, B. (2003). Managing stakeholders vs. responding to shareholders. *Strategy and Leadership*, 31(6), 36-40.

George, J.G., Imler, K & Singer, N. (2007). Empowering the Quality and Regulatory Compliance Functions. MDDI Medical Device and Diagnostic Industry News Products and Suppliers. http://www.mddionline.com/print/1676.

Gordon, L. A., Loeb, M. P., & Tseng, C. Y. (2009). Enterprise risk management and firm performance: A contingency perspective. *Journal of Accounting and Public Policy*, *28*(4), 301–327. http://doi.org/10.1016/j.jaccpubpol.2009.06.006

Gozman, D., & Currie, W. (2015). Managing Governance , Risk and Compliance for Post-Crisis Regulatory Change : A Model of IS Capabilities for Financial Organizations, *Proceedings of the Annual Hawaii International Conference on System Sciences. Hawaii (2015): 4661–4670*. http://doi.org/10.1109/HICSS.2015.555

Heneghan, M. (2008). Enterprise Risk Management. BA 559 Enterprise IT Governance, 15. Retrieved from http://citebm.business.illinois.edu/TWC Class/Project_reports_Fall2008/Project and Risk Management/Marcel Hasan/Marc Heneghan 559 ERM Final.pdf

Hoyt, R. E., Moore, D. L., & Liebenberg, A. P. (2008). The Value of Enterprise Risk Management : Evidence from the U . S . Insurance Industry. *Unpublished Paper*, 1–22.

Hoyt, R. & Liebenberg, A., (2011). The value of enterprise risk management. *Journal of Risk and Insurance* 78(4), 795–822. http://dx.doi.org/10.1111/j.1539-6975.2011.01413.x

Jensen, C. & W. Meckling (1976). Theory of Firm: Managerial Behaviour, Agency Costs and Ownership Structure. *Journal of Financial Economics* 3, 305-360

Kedia, S., Luo, S. & Rajgopal, S. (2016). Culture of Weak Compliance and Financial Reporting Risk." *In Conference on Culture, Performance and Financial Stability, Boston, USA*.

Kelman, H.C. (1958). Compliance, Identification, and Internalization Three Processes of Attitude Change. *Journal of Conflict Resolution* 2(1), 51–60.

Kleffner, A. E., Lee, R. B., & Mcgannon, B. (2003). The effect of corporate governance overnance on the use ofenterprise risk management: EVidence from Canada. *Risk Management*, *6*, 53–73.

Lam, J., (2003). *Enterprise Risk Management: From Incentives to Controls*. Hoboken, NJ. John Wiley & Sons.

Lang, L. & Stulz, R. (1994) Tobin's q, diversification, and firm performance, *Journal of Political Economy*, 102, 1248-1280.

Leblanc, R. W., & Schwartz, M. S. (2007). The black box of board process: Gaining access to a difficult subjectll, *Corporate Governance*, 15 (5), 843-851

Lechner, P., & Gatzert, N. (2016). Determinants and Value of Enterprise Risk Management : Empirical Evidence from Germany, (February).

Levrau, A., & Van Den Berghe, L. (2007). Corporate Governance and Board Effectiveness: Beyond Formalism, *The Icfai Journal of Corporate Governance*, 6(40, 55-85.

Li, Q., Wu, Y., Ojiako, U., Marshall, A., & Chipulu, M. (2014). Enterprise risk management and firm value within China's insurance industry. *Acta Commercii*, *14*(1), 1–10. http://doi.org/10.4102/ac.v14i1.198

Liebenberg, A. P., & Hoyt, R. E. (2003). The Determinants of Enterprise Risk Management: Evidence From the Appointment of Chief Risk Officers. *Risk Management and Insurance Review*, *6*(1), 37–52. http://doi.org/10.1111/1098-1616.00019

Lindenberg, E. & Ross, S. (1981). Tobin's q ratio and industrial organization, *Journal of Business*, 54, 1-32.

Manab, N. A., Kassim, I., & Hussin, M. R., (2010). Enterprise-wide risk management (EWRM) practices: Between corporate governance compliance and value creation. *International Review of Business Research Papers* 6(2), 239-252

Martens, B., & Teuteberg, F. (2011). Risk and Compliance Management for Cloud Computing Services : Designing a Reference Model." *In Proceedings of the Seventeeth Americas Conference on Information Systems. Detroit, Michigan, 4-7 August 2011*.

McNulty, T., & Pettigrew, A., (1999): Strategists on the Board. *Organization Studies*, 20(1), 47-74

McShane, M. K., Nair, A., & Rustambekov, E. (2011). Does Enterprise Risk Management Increase Firm Value? *Journal of Accounting, Auditing & Finance*, *26*(4), 641–658. http://doi.org/10.1177/0148558X11409160

Mikes, A. & Kaplan, R. (2013). Managing risks: towards a contingency theory of enterprise risk management, available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_ id¼2311293

Monks, R.A.G., & Minow, N. (2001). *Corporate Governance (2nd ed.).* Oxford. Blackwell Publishing.

Nocco, B. W., & Stulz, R. M. (2006). Enterprise Risk Management: Theory and Practice. *Journal of Applied Corporate Finance*, *18*(4), 8–20. http://doi.org/10.1111/j.1745-6622.2006.00106.x

Ogbechie, C. K. (2012). Key Determinants Of Effective Boards Of Directors - Evidence From Nigeria. A thesis submitted for the degree of Doctor of Philosophy in Business Administration, Brunel University

Paape, L., & Spekle, R. F. (2012). The Adoption and Design of Enterprise Risk Management Practices: An Empirical Study. *European Accounting Review*, *21*(3), 1–32. http://doi.org/10.1080/09638180.2012.661937

PanAfrica (2013). Insurance Industry: A Review. PanAfrican Capital Plc

Pagach, D. & Warr, R. (2007). An empirical investigation of the characteristics of firms adopting enterprise risk management,*working paper, North Carolina State University.*

Rosen, D., & Zenios, S.A. (2006). *Enterprise-Wide Asset and Liability Management: Issues, Institutions and Models. In Handbook of Asset and Liability Management: Theory and Methodology*, Amsterdam: Elsevier B.V.

Samad, F. & Lai, F. (2011). Enterprise Risk Management Framework and The Empirical Determinants of Its Implementation. *International Conference on Business and Economics Research*, *1*, 340–344.

Sanusi, S.L. (2010). CBN Governor, C.O.N. Global financial meltdown and the reforms in the Nigerian banking sector. Being the full text of a public lecture delivered at the convocation square. Bauchi: Abubakar Tafawa Balewa University.

Securities and Exchange Commission, (2012). The Nigerian Capital Market

Shamieh, C., (2007). Implementing EC: Recent Experience. SOA/Tillinghast Insurance Seminar on Economic Capital, American International Group, viewed 06 September 2009, from http://riskisopportunity.com/files/pdf/2007-chicago- shamieh.pdf

Shimpi, P. (2005). ERM from Compliance to Value. *Financial Executive* 21(6), 52–5.

Tahir, I. M., & Razali, A. R. (2011). the Relationship Between Enterprise Risk Management (Erm) and Firm Value: Evidence From Malaysian Public Listed Companies. *International Journal of Economics and Management Sciences*, *1*(2), 32–41.

Togok, S. H., Isa, C. R., & Zainuddin, S. (2016). Enterprise risk management adoption in Malaysia: A disclosure approach. *Asian Journal of Business and Accounting*, *9*(1), 83–104.

Touati, J. (2013). Terms of Value Created Distribution: Illustrations by Tunisian Background. *Global Advanced Research Journal of Management and Business Studies* 2(2), 71-79.

Tseng, C. (2007). *Internal Control, Enterprise Risk Management, and Firm Performance.* (Unpublished PhD Dissertation) University of Maryland, College Park.

Vafeas, N., (1999). Board meeting frequency and firm performance. *Journal of Financial Economics,* 53 (1), 113–142.

Wu, D., & Olson, D. L., (2008). Enterprise risk management: Financial and accounting perspectives, in: Olson, D. L., Wu, D. (Eds.), New Frontiers in Enterprise Risk Management Springer, Heidelberg, Germany, 25-38.