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EFFECT OF CORPORATE GOVERNANCE MECHANISM ON STOCK PRICE VOLATILITY OF LISTED INSURANCE COMPANIES ON STOCK EXCHANGES OF NIGERIA AND SOUTH AFRICA: A COMPARATIVE ANALYSIS

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ABSTRACT

Despite the existence of regulatory frameworks (including Corporate Governance Codes) for the insurance industries of top African economies, capital market activities still appear unpredictable and prices of stocks becoming more volatile. This study investigated effect of corporate governance mechanism on stock price volatility, with the purpose of comparatively estimating the effect of non-executive directors' composition, gender diversity, and audit committee independence on stock price volatility of listed insurance companies on stock exchanges of Nigeria and South Africa for the period 2009-2019. Data were extracted from audited annual reports and accounts of all listed insurance companies in Nigeria and South Africa. The data were analyzed using Panel Ordinary Least Square (OLS) regression with the aid of E-views 10.0 statistical software. Findings indicate that non-executive directors' composition and audit committee independence exert significant positive effect on stock price volatility of listed insurance companies in Nigeria, while in South Africa, non-executive directors' composition and audit committee independence have insignificant positive effect on stock price volatility. However, gender diversity has insignificant negative effect on stock price volatility in both countries. The study recommends that quoted insurance companies in Nigeria and South Africa should maintain independent audit committee and diverse board (including women participation) in line with global best practices. In addition, non-executive directors on the Board should have or acquire requisite experience or expertise in relation to factors affecting share price stability in the insurance industry.

***Key words:** Comparative analysis, Corporate governance, Insurance companies, Stock price, Volatility*

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1. INTRODUCTION

Shareholders and other stakeholders in public companies usually expect the Board members of the companies to carry out their duties in line with the requirements of corporate governance codes and other regulatory frameworks. Codes of Corporate Governance are tailored to ensure that the affairs of companies are run in a transparent and honest manner, thereby enhancing market integrity, stakeholders' confidence and above all, shareholders' value (Olamiyika, 2019). This explains why a number of industry regulators across the globe are constantly developing corporate governance codes or guidelines for companies operating in various sectors or industries. Najjar (2012) in Momoh and Ukpong (2013) is of the view that "any governance principle adopted by the insurance industry should be flexible enough to take into account the variety of insurers within its purview because each insurance company tailors its corporate governance procedures according to its own circumstances" (p. 484).

In Nigeria, the Securities and Exchange Commission (SEC) issued code of corporate governance for quoted firms with effect from 2003; the key objective was to ensure that Nigerian quoted firms meet international best practices. In order to ensure that the insurance industry was keeping abreast of developments within the global community, especially as it concerns corporate governance framework, the Nigerian Insurance Commission (NAICOM) issued the Code of Good Corporate Governance for the Insurance Industry in Nigeria in 2009. In South Africa, the Institute of Directors, in 1994, through The King Committee, came up with guidelines for the governance structures and operation of companies in South Africa. Three reports were issued: in 1994 (King I), 2002 (King II), and 2009 (King III) and a fourth revision (King IV) in 2017. Every company listed on the Johannesburg Stock Exchange (JSE), including insurance companies, is expected to comply with the requirements of the King Reports.

Dandago and Gugong (2013) states that "most of the business failure in the recent past are attributed to failure in corporate governance practices, for instance, the collapse of banks and insurance companies in Nigeria in the early 1990s and onwards was as a result of inadequate corporate governance practices such as insider-related credit abuses, poor risk management and internal control system failure" (p. 247). It can therefore be argued that effective corporate governance mechanism is inevitable if a corporate entity wants to easily meet its strategic goals; achieving stability in the movement (fluctuation) of stock prices is one of those goals. Little wonder it is reported that "good corporate governance can serve as an instrument for enticing investors as well as influencing the stock price" (Uwuigbe, 2013, p. 132).

Prior studies confirm that there exists a link or relationship between corporate governance and share price volatility. While some studies established a positive relationship between the two variables (José, Nelize, & Fernanda, 2015; Ugwunta, Ugwuanyi, & Ngwa, 2018), other studies found the relationship to be negative (Mediha, Asma, & Adel, 2017; Ogbeide & Evbayiro-Osagie, 2019). Again, most previous research efforts on corporate governance and share price concentrated on industries other than insurance; the few studies that focused on insurance industry are not particularly concerned about stock price volatility, as in the case of Lateef (2018); Isaih and Michael (2017); Dandago and Gugong (2013). Considerable studies

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on corporate governance and share price volatility in the past focused on one country only, such as Wafaa and May (2016); Taher and Nada (2017); hence findings from such studies are not comparatively relevant.

Also, the range of financial period(s) covered by some earlier studies is very short (not reasonably lengthy), as in the case of Uwuigbe (2013); Mulia, Nuraini, and Izza (2017); Ida and Asunka (2016). Furthermore, despite the existence of considerable legislations and policy frameworks (including corporate governance codes) in the insurance industries and capital markets of two of Africa's top economies - Nigeria and South Africa, the adverse effects of stock price volatility on the countries's insurance firms remain worrisome. Against this backdrop, the study tends to examine the effect of corporate governance mechanism on stock price volatility of insurance companies listed on Nigerian Exchange Group (formerly Nigerian Stock Exchange) and Johannesburg Stock Exchange (South Africa).

1.1 Objectives

The broad objective of this study is to determine the effect of corporate governance mechanism on share price volatility of listed insurance companies in Nigeria and South Africa. The specific objectives of the study are:

1. to ascertain the effect of non-executive directors' composition on share price volatility.
2. to determine the effect of gender diversity on share price volatility.
3. to establish the effect of audit committee independence on share price volatility.

1.2 Hypotheses

This study is guided by the following null hypotheses:

H_{01}: Non-executive directors' composition has no significant effect on stock price volatility.

H_{02}: Gender diversity has no significant effect on stock price volatility.

H_{03}: Audit committee independence has no significant effect on stock price volatility.

2. LITERATYRE REVIEW

2.1 Conceptual Review

2.1.1 Corporate Governance

Okoye and Ofoegbu (2006) in Udeh and Ugwu (2014) see corporate governance as "the rules and laws that govern the relationship between managers and shareholders of companies as well as other stakeholders and their application towards the achievement of the entity's goals" (p. 96). Corporate governance focuses on addressing ethical and accountability issues. The primary objective of Corporate Governace Codes is to ensure that the activities of those who manage and control the affairs of a corporate entity are legitimately regulated, with the view to protecting the interests of all stakeholders.

The concept of corporate governance was originally conceived to address agency problems in organizations. According to Khan (2011), "corporate governance importance arises in modern corporations due to the separation of management and ownership control in the organizations" (p. 2). This separation makes the interests of shareholders to conflict with the interests of managers. Contemporary corporate governance mechanism places emphasis on disclosure, transparency, and accountability following widely reported incidents of corporate scandals both in

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developed and emerging economies, such as: WorldCom, Enron and Tyco in the United States of America; Marconi in the United Kingdom (U.K.); Cadbury Nigeria Plc and Oceanic Bank in Nigeria; Tongaat Hulett, VBS Bank, and Gupta-owned companies in South Africa, among others.

2.1.2 Stock Price Volatility

It is worth noting that stock market is driven by forces that could cause the price of a particular investment or asset to rise or fall over a period of time. Stock price volatility simply refers to the rate at which the price of a stock increases or decreases over a particular period. Classen (2001) in Ogbeide and Evbayiro-Osagie (2019) is of the view that "poor corporate governance can increase uncertainty and volatility while weaker corporate governance can limit price discovery in stock markets, thereby increasing stock price volatility" (p. 51). Stock price movement is not independent in nature; both intrinsic and extrinsic factors exercise influence over stock price movements. Some of the factors that can affect companies' stock movement, according to Handayani, Muharam, Mawardi, and Robiyanto (2018), include: demand and supply, dividends, management profile, investors, market sentiments, economy, political climate, as well as government policies and regulation.

2.2 Theoretcical Review

2.2.1 Stakeholder Theory

This study is anchored on the stakeholder theory. Edward Freeman's stakeholder theory recognizes that a company's stakeholder is anyone affected by the company and its workings. Typical stakeholders in the insurance industry comprise, but not limited to, customers (policy holders), employees, board members and management staff, creditors, shareholders or investors, the media, government and regulatory institutions, and the general public. The stakeholder theory examines the needs of not only shareholders but of every faction associated with the organization, suggesting that no one group is more important than the other. According to Dao and Tran (2017), this concept is usually applied to large corporations, where the impact of companies on society is so persuasive that they should discharge responsibility to many more sectors of the society rather than their shareholders only. Nevertheless, in the context of an insurance company, corporate governance information are usually disclosed to comply with the expectations of 'powerful stakeholders' such as insurance industry regulators/government, high volume investors (shareholders), customers (policy holders), and employess. .

2.3 Empirical Review

Ayesha, Ijaz, Faisal, Noman, Faisal, Panagiotis, and Bruno (2020) examined board gender diversity and stock price crash risk. The study's methodology focused on regression analysis, random effect model, and 1,021 firms, covering 2006 to 2016 financial years for twelve (12) in Asia-Pacific markets. The empirical analysis reveals that board gender diversity results in lowering the stock price crash risk of the firm, and that firms with three or more women directors on the board, in comparison to firms with fewer, engage less in bad news hoarding and show less negative down-to-up volatility. The study recommends, among others, that the study firms should increase their recruitment of women directors. Nonetheless, the study focused only on board gender diversity as explanatory variables, while the current study recognizes gender diversity and few other explanatory variables as measures of corporate governance, with the view to

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enhancing the depth of empirical analysis and the discussions that follow.

Ogbeide and Evbayiro-Osagie (2019) examined corporate governance mechanisms and share price volatility of quoted firms in Nigeria. Data for the period 2010 to 2015 were collected for twenty (20) firms. The study employed descriptive and inferential statistics to determine the relationship among the variables, and found that audit committee size significantly and positively impact on stock price volatility. One key limitation of the study is the fact that the sample size of 20 out of population size of 198 used in the study is arguably small and lacks robustness. The study findings may have been different if the number of firms and financial periods covered were more elaborate with robust data set. The current study covers all listed insurance companies in Nigeria and South Africa.

Lateef (2018) developed a model after analyzing the relationship between corporate governance and firms' growth in the insurance industry in Nigeria. The research was carried out using a sample of 50 companies quoted on the Nigeria Stock Exchange (NSE). The data used for the study were obtained from annual reports of the study firms, covering a period of six years (2012-2017). It was found that there is a significant positive relationship between corporate governance and firms' growth in Nigerian insurance industry. This means that the higher the level of board characteristics, audit committees, board independence, and board size, the higher the level of growth in Nigerian insurance industry. It must however be noted that the study employed percentage change in total assets as proxy for firm growth, while the present study centres on corporate governance mechanism and share price volatility.

Isaih and Michael (2017) assessed the effect of corporate governance structure on the financial performance of mining firms listed on the Johannesburg Stock Exchange (JSE). The study specifically aimed at ascertaining the relationship between board independence, board size, firm size, sales growth, and return on equity by employing panel data analysis of the random effects model for the period 2010 to 2015. Results indicate a weak negative correlation between return on equity (ROE) and board size, and a weak but positive correlation between ROE and board independence. Additionally, there is a positive but weak correlation between ROE and sales growth, but a negative and weak relationship between ROE and firm size. The study recommends that even though complying with corporate governance principles does not necessarily translate into a significant economic benefit, firms should continue to adopt corporate governance for ethical reasons to meet stakeholders' social and environmental needs for sustainable development. The study did not focus on insurance firms, and return on equity (ROE), not share price volatility, was adopted as dependent variable.

Isukul and Chizea (2016) focused on a comparative analysis of corporate governance disclosure in Nigerian and South African banks. The study provided a cross sectional examination of corporate governance disclosure practices in the annual reports of 10 listed banks in Nigeria and South Africa for the year 2013, and found that Nigerian banks appear to be collating information with no link to the overall business strategy of the organization while the South African banks have a more robust approach to voluntary corporate governance disclosure as they apply international guidelines such as the global reporting initiative in reporting

voluntary corporate governance disclosure. However, Isukul and Chizea (2016)'s study analyzed year 2013 annual reports only, and focused on comparison of the banking industries of Nigeria and South Africa, while the current study, from another comparative viewpoint, analyzes annual reports of listed insurance companies in Nigeria and South Africa, covering eleven (11) financial years.

Wafaa and May (2016) evaluated the impact of corporate governance on stock price and trade volume using sample of 62 publicly-traded firms on Egyptian stock exchange for the period 2007 to 2014. The study's dependent variables are stock price and trade volume, while the independent variable is corporate governance (measured using the following: Big 4, Non-Big 4, Non-Discretionary Accruals, and Word Count). The study findings show that good corporate governance leads to higher stock return. The study recommends that policymakers should help firms improve their performance by establishing frameworks for corporate governance disclosure; and diverse sources of financial information, other than the financial statements, should be identified and utilized. Unlike Wafaa and May (2016)'s study which focuses only on Egyptian Stock Exchange, the current study comparatively looks at two large Stock Exchanges in Africa, being Nigerian Exchange Group and Johannesburg Stock Exchange.

Dandago and Gugong (2013) investigated the impact of corporate governance mechanisms on the financial performance of listed insurance firms in Nigeria**.** Specifically, the study investigated whether CEO status, board size and board composition have impact on the financial performance as measured by Return on Asset (ROA) and Return on Equity (ROE).The secondary data used in the study were obtained from the annual reports and accounts of seventeen (17) insurance companies, while multiple regression analysis was used to estimate the relationship between the financial performance measures of interest and corporate governance mechanisms. It was found that there is a positive significant relationship between board composition and the firms' performance measures (ROE and ROA). On the other hand, the relationship between board size and ROA was significantly negative, while no significant relationship was established between board size and return on equity (ROE). It should be noted that Dandago and Gugong (2013)'s study employed performance proxies other than share price volatility, and the indices of corporate governance employed in the current study are somewhat different.

Uwuigbe (2013) obtained evidence from listed firms in Nigeria to assess corporate governance and share price. The study's specific objective was to ascertain if a significant relationship exists between ownership structure and audit committee independence (independent variables) and share price (dependent variable). It was found, among others, that here is a positive and significant relationship between the composition of the audit committee and share price. The study recommends that companies should ensure that the audit committees have equal number of shareholders and directors at all times. It should however be noted that the study covered three financial years (2007 to 2009) of fifteen (15) firms each from the banking and manufacturing industries in Nigeria; the period coverage is relatively small and might not depict a better trend analysis view of the variables under study, which is one of the gaps the current study addresses.

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3. METHODOLOGY

Ex post facto research design is adopted since the study's variables are reported in the audited annual reports of the companies under study, hence cannot be manipulated. The study focuses on the two (2) largest economies in Africa (Nigeria and South Africa) as at 2019 financial year end; hence data are extracted from audited annual reports and accounts of twenty-four (24) insurance companies listed on Nigerian Exchange Group (formerly Nigeria Stock Exchange) and ten (10) insurance companies listed on Johannesburg Stock Exchange (JSE), covering 2009 to 2019 financial years.

3.1 Model Specification and Measurement of Variables

Reference was made to the model in Mediha, Asma, and Adel (2017), as well as Aigbovo and Ashafoke (2015), but modified to arrive at the indices adopted in the current study. Hence, the model of this study is as stated below.

Nigeria:

$SPV_{ng}=\beta_0+\beta_1NED_{ng}+\beta_2GED_{ng}+\beta_3ACI_{ng}+\beta FSZ_{ng}+\mu$ - - - - - - - - - - - - - - - - - - Eqn 1.

South Africa:

$SPV_{sa}=\beta_0+\beta_1NED_{sa}+\beta_2GED_{sa}+\beta_3ACI_{sa}+\beta FSZ_{sa}+\mu$ - - - - - - - - - - - - - - - - - - Eqn 2.

Where:

SPV, NED, GED, ACI, and FSZ represent stock (share) price volatility, non-executive directors' composition, gender diversity, audit committee independence, and firm size respectively; ng and sa are used as subscripts to respectively differentiate models of Nigeria and South Africa; β_0 represents the constant term or intercept of the relationship in the model; β_1, β_2, and β_3 represent the intercept for the explanatory variables, while μ represents the stochastic or error term.

Table 1: Definition and Measurement of Variables

Variable	Definition	Measurement
SPV	Stock (share) price volatility	Standard deviation of annual stock returns.
NED	Non-executive directors' composition	Number of non-executive/independent directors on the board.
GED	Gender diversity	Dummy: "1" if there is at least one female on the board, and "0" if otherwise.
ACI	Audit committee independence	Percentage of independent non-executive directors on audit committee.
FSZ	Firm size (control variable)	Natural logarithm of the book value of total assets of the study firm.

Source: Researcher's compilation

The study's dependent variable is stock price volatility (SPV); the explanatory variables (proxies for corporate governance mechanism) include: non-executive directors' composition, gender diversity,

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and audit committee independence; while firm size is the control variable.

The study employed E-views econometric software for data analysis. Panel Ordinary Least Square (OLS) multiple regression is considered suitable in this study since, according to Lavrakas (2008), panel data analysis refers to the statistical analysis of data sets consisting of multiple observations on each sampling unit. The data set for each of the study's variables is 264 observations for Nigeria, and 110 observations for South Africa.

3.2 Decision Rule

If p-value is equal to or less than 0.05, we reject null hypothesis (H_0) and accept the alternate hypothesis (H_1); otherwise H_0 is accepted, at 5% level of significance. When p-value is $\leq$ 0.05, it is statistically significant, indicating strong evidence against the null hypothesis.

4. ANALYSIS AND DISCUSSION OF RESULTS

4.1 Panel OLS Regression Results

Table 2: Nigeria Panel OLS Regression Results

Variables →	**SPV and NED+FSZ**	**SPV and GED+FSZ**	**SPV and ACI+FSZ**
C	-15.78769	-18.56689	-19.31452
Pooled OLS Coefficient	2.641817	-2.941374	0.172113
Prob (Pooled OLS Coeff.)	0.0000	0.1676	0.0133
R-squared	0.094731	0.020911	0.036681
Adjusted R-squared	0.087794	0.013408	0.029300
S.E. of Regression	14.64753	15.23304	15.10986
F-statistic	13.65607	2.787137	4.969209
Prob (F-statistic)	0.000002	0.063432	0.007620
Obs	264	264	264

Source: Extracts from computer output data (E-views 10.0)

Table 3: South Africa Panel OLS Regression Results

Variables →	**SPV and NED+FSZ**	**SPV and GED+FSZ**	**SPV and ACI+FSZ**
C	38.79980	43.10141	37.36096
Pooled OLS Coefficient	0.067506	-4.046899	0.009645
Prob (Pooled OLS Coeff.)	0.7055	0.0848	0.8796
R-squared	0.329483	0.347053	0.328727

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Adjusted R-squared	0.316950	0.334848	0.316180
S.E. of Regression	4.520222	4.460606	4.522767
F-statistic	26.28913	28.43615	26.19935
Prob (F-statistic)	0.000000	0.000000	0.000000
Obs	110	110	110

Source: Extracts from computer output data (E-views 10.0)

The negative coefficients of the constant in Table 2 indicate that if each of the explanatory variables and firm size (control variable) are held constant, stock price volatility of listed insurance companies in Nigeria would reduce, while that of South Africa would increase since the coefficients of all the constant values in Table 3 are positive. From the pooled OLS coefficients in both tables, it can be deduced that a unit rise in Non-Executive Directors' composition, gender diversity, and audit committee independence respectively results in 264.18% increase, 294.14% decrease, and 17.21% increase in stock price volatility of listed insurance companies in Nigeria, whereas in South Africa, stock price volatility of listed insurance companies would respectively appreciate by 6.75%, depreciate by 404.69%, and appreciate by 0.96%.

The adjusted R-square values in Tables 2 and 3 above show that the explanatory variables (Non-Executive Directors' composition, gender diversity, and audit committee independence) respectively accounted for 8.78%, 1.34%, and 2.93% variations in stock price volatility of listed insurance companies in Nigeria, while for South Africa, the said explanatory variables respectively accounted for 31.70.%, 33.48.%, and 31.62.% variations in stock price volatility of listed insurance companies within the period of the study. The F-statistic which determines the overall significance joint influence of the independent variables in Table 2 shows that non-executive directors' composition, and audit committee independence, moderated by firm size, significantly explain the variations in stock price volatility, while gender diversity, moderated by firm size, do not significantly explain the variations in stock price volatility of listed insurance companies in Nigeria. On the other hand, the F-statistic values in Table 3 (for South Africa) show that all the explanatory variables, moderated by firm size, significantly explain the variations in stock price volatility of listed insurance companies in the study.

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4.2 Test of Hypotheses

Hypothesis Decision Criterion: If the prob. value of pooled OLS coefficient is equal to or less than 0.05, the null hypothesis (H_0) is rejected; otherwise, the null hypothesis is accepted at 5% level of significance.

Table 4: Test of Hypotheses - Nigeria

Hypothesis	Variables	Pooled OLS Coefficient	S.E. of Regression	Prob.	Decision
Hypothesis 1	SPV → NED, FSZ	2.641817	14.64753	0.0000	Reject H_{01}
Hypothesis 2	SPV → GED, FSZ	-2.941374	15.23304	0.1676	Accept H_{02}
Hypothesis 3	SPV → ACI, FSZ	0.172113	15.10986	0.0133	Reject H_3

Source: Extracts from computer output data (E-views 10.0)

Table 5: Test of Hypotheses- South Africa

Hypothesis	Variables	Pooled OLS Coefficient	S.E. of Regression	Prob.	Decision
Hypothesis 1	SPV → NED, FSZ	0.067506	4.520222	0.7055	Accept H_{01}
Hypothesis 2	SPV → GED, FSZ	-4.046899	4.460606	0.0848	Accept H_{02}
Hypothesis 3	SPV → ACI, FSZ	0.009645	4.522767	0.8796	Accept H_{03}

Source: Extracts from computer output data (E-views 10.0)

Table 4 (for Nigeria) shows the acceptance of null hypothesis 2 and rejection of null hypotheses 1 and 3. The conclusion therefore follows that gender diversity does not have significant effect on stock price volatility, while non-executive directors' composition and audit committee independence exert significant effect on stock price volatility of listed insurance companies in Nigeria, at 5% level of significance.

On the other hand, Table 5 (for South Africa) reveals that null hypotheses 1, 2, and 3 were accepted. Consequently, it is concluded that each of the explanatory variables (non-executive directors' composition, gender diversity, and audit committee independence) has insignificant effect on stock price volatility of listed insurance companies in South Africa, at 5% level of significance.

4.2.1 Discussion of Results

Empirical results in Tables 4 and 5 provide evidence that non-executive directors' composition has a significant positive impact on stock price volatility of listed insurance companies in Nigeria and insignificant positive relationship with stock price volatility of listed insurance companies in South Africa. This result is similar to the findings of Saif (2012) that board independence is significantly and positively related to share price, but conflicts with the findings of Mediha, Asma, and Adel (2017) who established that a negative relationship exists between board independence and stock price volatility. The empirical results for both countries imply that the higher the number of non-executive directors among the board members, the more volatile (unstable) stock prices will become. This can be explained with the idea that outside (non-

executive/independent) directors on the Board do not participate in the day-to-day running of the business, hence may not fully understand the internal factors that should be considered in policy formulation with the view to achieving stability in share prices. Little wonder Gatua (2013) opines that share price is used as a benchmark to gauge performance of a firm and its variations as an indicator of the economic health or otherwise of a firm, hence the need to be conversant with the factors that could adversely affect share prices

It was also found that gender diversity exerts insignificant negative impact on stock price volatility of listed insurance companies, both in Nigeria and South Africa. This implies that having diverse board reduces volatility in share prices of quoted insurance companies in both countries, though to an insignificant degree. This result is in conformity with Caspar (2007) who found that there is no significant link between firm performance and female board representation. Gender diversity has to do with equitable or fair representation of people of different genders. As an essential element of corporate board, gender diversity has become an ethical and social requirement of stakeholders. Maintenance of diverse boardrooms by insurance companies could enhance the companies' public image thereby attracting investors/shareholders, and this favourably affects share prices.

Finally, Table 4 reveals that audit committee independence has a significant and positive impact on stock price volatility of listed insurance companies in Nigeria, while Table 5 shows that audit committee independence has an insignificant and positive impact on stock price volatility of listed insurance companies in South Africa. Put differently, the ratio of independent non-executive directors to total audit committe members increases volatility (instability) of share prices in both Nigerian and South African quoted insurance companies, though the magnitude of instability is more in Nigeria. This could be attributed to the fact that members of the committee are usually shareholders' representatives and non-executive directors who are independent and not involved in the daily affairs of the company, hence may not routinely pay particular attention to internal issues that contribute to share price fluctuation. Nevertheless, the independence of audit committee is unarguable instrumental towards achieving transparency and accountability in management of structured corporate entities (including quoted insurance companies). Accoring to Bishnu and Ranjan (2016), "independent audit committee signals a firm's commitment to good corporate governance" (p. 54).

5. CONCLUSION AND RECOMMENDATIONS

This study concludes that Non-Executive Directors' composition and audit committee independence exert significant and positive effect on stock price volatility of listed insurance companies in Nigeria, while in South Africa, non-executive directors' composition and audit committee independence have insignificant and positive effect on stock price volatility of the study companies. The study also established that gender diversity reduces stock price volatility in both countries, though to an insignificant extent. The practical implication of the conclusions drawn from the study is that the composition and activities of Board of quoted insurance companies in Nigeria and South Africa are expected to be consistent with the countries' corporate governance codes so as to engender better performance which will bring about stability in stock

prices over time. The study therefore recommends that quoted insurance companies in Nigeria and South Africa should maintain independent audit committee and diverse board (including women participation) in line with global best practices. Also, non-executive directors on the Board should have or acquire requisite experience or expertise in relation to factors affecting share price stability in the insurance industry.

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