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Effect of Enterprise Risk Management (ERM) Practices on Performance of Listed Insurance Companies in Nigeria

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Abstract

Despite growing regulatory emphasis on Enterprise Risk Management (ERM), many insurance companies in Nigeria struggle to demonstrate its measurable impact on firm performance. This study examined the effect of ERM strategic and operational objectives on the performance of listed insurance companies in Nigeria. Using a panel dataset of 19 firms over a 10-year period (2015–2024), the study employed ex-post facto research design with secondary data analyzed through descriptive statistics, correlation analysis, and fixed effects regression. Tobin's Q was adopted as the performance proxy. The findings revealed that ERM Operational Objective has a statistically significant and positive impact on firm performance, while ERM Strategic Objective, although positively related, was not statistically significant. These results suggest that Nigerian insurers are more effective at implementing ERM practices at the operational level than strategically. Anchored in Contingency Theory, the study concludes that ERM enhances performance only when its implementation aligns with contextual organizational realities. It recommends deeper integration of ERM into strategic planning, continued reinforcement of operational ERM, and supportive regulatory frameworks to optimize performance outcomes. The study contributes to literature by providing evidence from an emerging market context and offers practical implications for insurance leaders and policymakers.

Keywords: Enterprise Risk Management, Firm Performance, Tobin's Q, Insurance, Nigeria, Strategic Risk, Operational Risk, Contingency Theory.

Introduction

Firm performance remains a central concern in global business discourse, especially as companies grapple with volatility in financial markets, regulatory shifts, and emergent operational risks. Across industries, superior performance is often linked to how well organizations anticipate, assess, and respond to internal and external uncertainties. In the financial sector, particularly insurance, the challenge is more nuanced due to the risk-centric nature of their business models. Consequently, improving firm performance requires more than financial acumen, it demands the strategic embedding of risk intelligence into corporate governance and decision-making structures (Ogundipe, Daugaard, Khan, & Jia, 2025).

Enterprise Risk Management (ERM) has evolved as a holistic framework that fosters proactive risk identification and mitigation aligned with an organization's strategic direction. Research increasingly validates that well-implemented ERM contributes to enhanced organizational resilience, long-term profitability, and investor confidence (Muchtar, Arip, & Arazi, 2025). Through mechanisms like risk integration, strategic alignment, and cross-functional coordination, ERM can transform how insurance companies navigate turbulent environments, strengthening firm performance not only in financial metrics but also in reputational standing and operational efficiency.

The insurance industry globally is under pressure to reform, digitize, and deliver sustained value amid increasingly complex risk landscapes. Notably, ERM has been central in helping insurers stabilize profitability and ensure business continuity. For example, studies in Asia and Europe show that insurance firms with mature ERM practices are better positioned to balance growth with risk exposure, often outperforming peers on key financial indicators such as return on assets and equity (Arazi, Arip, & Muchtar, 2025). These findings suggest a global convergence towards risk-based strategy formulation, particularly within insurance markets.

Despite its proven efficacy, the impact of ERM on firm performance is not uniform across regions, and context-specific dynamics often mediate outcomes. In emerging economies like Nigeria, the insurance sector faces unique operational, regulatory, and structural challenges that may hinder the effective implementation of ERM frameworks. Issues such as fragmented governance structures, limited data infrastructure, and talent shortages complicate the operationalization of strategic risk management objectives (Ugwu, 2024). Hence, understanding how ERM practices influence performance within the Nigerian insurance context requires a deliberate examination of localized variables.

In Nigeria, listed insurance companies operate in an environment marked by economic volatility, low insurance penetration, and regulatory tightening. While several firms have made strides in implementing ERM frameworks, questions remain about the alignment of these frameworks with core business strategies and operational realities. Specifically, how ERM contributes to both strategic and operational objectives, and by extension, to firm performance, has not been fully elucidated.

This is particularly significant as Nigerian insurers seek to improve market relevance and investor trust (Agola, 2025).

Two critical dimensions of ERM; strategic objectives and operational objectives, are central to unpacking its impact on firm performance. The strategic objective entails aligning risk frameworks with long-term vision and growth targets, while the operational objective deals with embedding risk awareness into daily business processes. Evidence suggests that insurers who successfully integrate both dimensions tend to demonstrate stronger financial performance, enhanced compliance, and increased adaptability (Ogundipe et al., 2025). Yet, the Nigerian case remains underexplored, calling for empirical inquiry into these specific ERM components.

Despite widespread acknowledgment of the value ERM offers, many listed insurance companies in Nigeria continue to underperform on critical performance metrics such as return on equity, underwriting profitability, and policyholder retention. This paradox raises questions about the actual effectiveness of ERM practices in the sector. More specifically, it prompts an investigation into whether ERM initiatives are sufficiently aligned with both strategic imperatives and operational realities within these firms.

Although regulatory policies increasingly mandate risk governance, there appears to be a disconnect between policy compliance and performance enhancement. While some insurance firms adopt ERM as a formality, few have embedded it deeply into their strategic and operational layers. The limited evidence base in Nigeria further complicates policy decisions and organizational investments in risk infrastructure. Thus, the current study seeks to bridge this knowledge gap by evaluating the effect of ERM strategic and operational objectives on the performance of listed insurance companies in Nigeria. Against this backdrop, the study tests the following hypothesis:

H_{01}: ERM strategic objective has no significant effect on the performance of listed insurance companies in Nigeria.

H_{02}: ERM operational objective has no significant effect on the performance of listed insurance companies in Nigeria.

Literature Review

Concept of Firm Performance

Firm performance is a central construct in organizational research, often viewed as a multidimensional outcome reflecting how efficiently a company utilizes resources to generate value. According to Chiripuci and Ciobanu (2025), firm performance encompasses both financial outcomes and reputational strength. Elango (2025) argues that performance should integrate profitability, efficiency, and market share, while Bajan, Chiripuci, and Ciobanu (2025) stress the inclusion of environmental and social indicators in performance assessment. Msomi and Olarewaju (2025) emphasize intellectual capital as a driver of firm value, linking non-financial elements to overall success. In contrast, Fotouhnezhad and Zanjani (2025) advocate for digital maturity as a performance enabler in contemporary insurance firms. Ugwu

(2024) posits that corporate governance mechanisms directly shape financial performance, while Kavitha et al. (2025) highlight pandemic-induced performance volatility in the insurance sector. Studies by Srbinoski and Poposki (2025) and Agola (2025) reveal that diversification and risk responsiveness influence performance stability. Zain (2025) adds that operational automation enhances performance through cost optimization. Given these varied perspectives, this study adopts Tobin's Q, the ratio of a firm's market value to the replacement cost of its assets, as a comprehensive proxy. Tobin's Q integrates both market perception and asset efficiency, offering a balanced, forward-looking view of firm performance.

Concept of Enterprise Risk Management (ERM)

Enterprise Risk Management (ERM) has evolved significantly between 2020 and 2025, reflecting growing concerns over uncertainty, technological complexity, and strategic alignment. ERM is broadly defined as a holistic, systematic process for identifying, assessing, managing, and monitoring risks that could affect the achievement of an organization's goals. Goel and Tejay (2025) argue that ERM ensures strategic alignment between corporate risk tolerance and decision-making, particularly in the digital age. Kayode-Bolarinwa (2025) stresses that ERM integrates cybersecurity and AI responsiveness to proactively manage enterprise threats. Amara and Zeriouh (2025) present ERM as a resilience-based framework enabling strategic agility amid systemic volatility. Socoliuc et al. (2025) define ERM through the lens of sustainability and ESG risk exposure, emphasizing transparency in disclosure and reporting. Fontaine and Callens (2025) propose that ERM must address interlinked crises by adopting systemic, adaptive strategies. Chakrobartty (2025) frames ERM around ethics and governance, focusing on accountability through AI-enhanced transparency. Okeowo-Grant (2025) underscores risk governance as a convergence of people, process, and performance in volatile economies. MacLean et al. (2025) contribute a cost-return optimization perspective, analyzing ERM as a function of trade-off models. Riemann and Ochs (2025) support ERM as a data-driven, cross-functional tool aligned with predictive analytics. Finally, Primatama and Firli (2025) advocate for integrated ERM that captures operational risks and improves institutional performance.

This study adopts ERM as the structured integration of strategy and operations to evaluate, mitigate, and adapt to emerging risks in a way that supports organizational performance. Although ERM addresses strategic, operational, reporting, and compliance objectives (COSO, 2004), this study focuses on strategic and operational objectives due to their direct impact on long-term competitiveness and day-to-day decision-making. Strategic risks influence vision and direction, while operational risks affect performance execution. Reporting and compliance, though critical, are reactive and often governed externally, making them less dynamic in strategic modeling.

Concept of ERM Strategic Objective

Enterprise Risk Management (ERM) strategic objectives reflect an organization's intentional alignment of risk oversight with its long-term goals, competitiveness, and value creation initiatives. ERM is no longer viewed as a reactive mechanism but rather as a proactive framework that embeds risk thinking into strategic decision-making (Bani & Wilis, 2025). In the insurance sector, this is particularly vital as firms contend with regulatory complexity, market volatility, and changing consumer expectations (Linn, 2025). Studies have shown that strategic-level ERM integration enhances organizational agility and improves firm valuation, especially when it supports innovation and strategic flexibility (Das, 2025; Kihara & Macharia, 2025). Linn (2025) emphasizes that when risk management is driven by strategy rather than compliance, it leads to measurable improvements in firm performance. ERM strategic objectives include goal congruence, strategic alignment, and enterprise-wide coordination of risk appetite (Roffia, 2025; Blake, 2025). Muiruri (2025) highlights that the clarity of strategic risk objectives determines how effectively insurers respond to disruption. When strategically aligned, ERM fosters informed capital allocation, enhanced underwriting precision, and shareholder confidence (Ibrahim, 2025). This study, therefore, conceptualizes ERM strategic objectives as the deliberate integration of risk identification, evaluation, and mitigation within long-term organizational planning to enhance firm value, measured by Tobin's Q.

Concept of ERM Operational Objective

ERM operational objectives refer to the systematic integration of risk practices into the day-to-day functions, procedures, and tactical goals of an organization. Unlike strategic objectives that focus on long-term alignment, operational objectives ensure that risk controls are embedded across departments, underwriting processes, claims management, and compliance systems (Gyawali & Thapa, 2024). Operational risk governance enables firms to identify and mitigate risks at their roots, enhancing resilience and service delivery. Louisot (2024) argues that integrating ERM at the operational level increases process discipline and reduces exposure to fragmented decision-making. Grima, Torre-Enciso, and Castelli (2025) emphasize that frameworks like COSO-ERM and ISO 31000 offer structured models for linking risk ownership to daily activities. In the insurance context, ERM operationalization includes real-time risk monitoring, internal audits, and standardized controls, all of which contribute to firm agility and performance (Sajikala & Rathnasuriya, 2024). Gyawali and Thapa (2024) found that insurers with clearly articulated ERM operational goals report stronger performance in claim processing, customer retention, and compliance. Therefore, this study conceptualizes ERM operational objectives as the deliberate execution of risk-informed processes and procedures that enhance efficiency, regulatory adherence, and operational effectiveness, critical components in driving firm performance measured through Tobin's Q.

Empirical Review

ERM Strategic Objective and Firm Performance

Strategic integration of Enterprise Risk Management (ERM) is increasingly recognized as a catalyst for firm performance, particularly in insurance firms operating in volatile regulatory and financial environments. Linn (2025) observed that aligning ERM strategies with organizational mission and goals strengthens risk awareness and enhances decision-making, resulting in higher return on assets and long-term value creation. Bani and Wilis (2025) emphasized that strategic ERM fosters innovation and responsiveness in general insurance firms, leading to greater financial resilience. Ibrahim (2025) found that insurers prioritizing long-term strategic objectives through risk-aligned planning achieved better market valuation and investor confidence. Muiruri (2025) linked strong strategic risk management frameworks to improved underwriting profitability and claims efficiency in Kenyan insurers. Similarly, Blake (2025) revealed that corporate governance structures tied to strategic ERM enhance shareholder value and regulatory compliance. Varatharajan and Subramanian (2025) highlighted the role of digital transformation in executing ERM strategies that improve product agility and customer satisfaction. Roffia (2025) supported this by asserting that strategic KPIs aligned with ERM drive profitability in medium-term horizons. Kiraithe (2025) noted that effective debt-risk strategies embedded in strategic objectives reduce financial distress. Yuan, Yuen, and Wang (2025) demonstrated that strategic reinsurance decisions rooted in ERM improved solvency margins. Finally, Sije, Bakurirehe, and Litunya (2025) confirmed that strategy-focused mergers backed by ERM lead to improved sustainability and financial integration. Together, these studies affirm that strategically focused ERM is not only a risk-reduction mechanism but a driver of sustainable performance in insurance companies.

ERM Operational Objective and Firm Performance

The effectiveness of ERM operational objectives in driving firm performance has gained increasing scholarly attention, particularly in high-risk sectors like insurance. Gyawali and Thapa (2024) found that integrating ERM into core operational routines, such as claims processing, underwriting, and compliance, leads to stronger performance metrics in Nepalese insurance firms. Grima, Torre-Enciso, and Castelli (2025) highlighted that operational ERM guided by ISO 31000 and COSO standards significantly reduces loss events and enhances process reliability. Sajikala and Rathnasuriya (2024) showed that clearly articulated operational risk controls directly enhance customer satisfaction and financial results among Sri Lankan insurers. Similarly, Ali and Bakar (2023) confirmed that ERM at the operational level fosters transparency and internal accountability, strengthening policyholder trust. Luo and Zhang (2023) reported that operational ERM boosts firm efficiency through improved coordination and data usage in Chinese insurance companies. The findings of Enid and Okonkwo (2022) emphasized the role of automated operational ERM systems in minimizing underwriting delays and fraud. Khan and Al-Aali (2021) demonstrated that operationally embedded ERM enhances firm adaptability during economic shocks. Meanwhile, Karimi and

Moghaddam (2021) linked risk-informed daily procedures with improved solvency ratios. Farooq and Habib (2020) found that insurance firms with strong operational ERM frameworks outperform peers in cost control and regulatory compliance. Taken together, these studies suggest that operational objectives in ERM are not merely compliance tools but are strategic enablers of firm performance.

Theoretical Review

For this study, the Enterprise Risk Management (ERM) and firm performance relationship is best anchored in the Contingency Theory, originally advanced by Fred Fiedler in 1964, and extended in strategic management by scholars like Lawrence and Lorsch (1967). Contingency theory posits that there is no one-size-fits-all model for organizational success; rather, optimal performance arises when internal systems, like ERM practices, are tailored to fit environmental conditions and organizational structure. In the context of insurance firms, this theory suggests that the effectiveness of ERM depends on how well strategic and operational objectives are aligned with market volatility, regulatory frameworks, and firm-specific characteristics.

Recent studies reinforce this position. For instance, Blake (2025) found that UK financial institutions that tailored ERM strategies to organizational size and complexity experienced superior risk-adjusted returns. Similarly, Gyawali and Thapa (2024) used contingency theory to demonstrate that ERM enhances performance only when its components are contextually embedded in Nepalese insurance firms. The theory assumes that performance improves when internal systems like risk controls are contextually appropriate, not merely adopted for compliance. Hence, this study adopts contingency theory as its guiding framework, enabling an analysis of how ERM strategic and operational objectives influence firm performance, measured by Tobin's Q, in the unique regulatory and economic environment of Nigerian listed insurance firms.

Methodology

This study employs an ex-post facto research design with panel data methodology to examine the effect of ERM strategic and operational objectives on the performance of listed insurance companies in Nigeria. The design is appropriate because both ERM practices and performance outcomes have already occurred and cannot be manipulated by the researcher. It allows for the use of existing secondary data to establish relationships and draw inferences in a real-world context, making it suitable for studying cause-and-effect where experimental control is impractical. The population comprises the 27 insurance companies listed on the Nigerian Exchange Group (NGX) as of December 2024. However, after applying filters for data completeness and availability over a continuous 10-year period (2015–2024), a sample of 19 firms was selected using purposive sampling. This 10-year window was chosen to reflect Nigeria's pre-reform phase (2015–2019), a period marked by economic volatility, weak enforcement of NAICOM's 2009 risk-based supervision, fragile corporate governance, and

the lingering aftershocks of the 2016 recession. By contrast, the post-reform era (2020–2024) ushered in sweeping regulatory changes, including NAICOM's Risk-Based Capital (RBC) framework, IFRS 17 adoption, and stricter solvency rules, all against the backdrop of the COVID-19 pandemic, global economic depression, and heightened investor pressure for stronger governance and enterprise risk management. These contrasting contexts provide a robust setting to assess how ERM practices evolved from mere compliance tools into strategic mechanisms for resilience and performance. The study employs descriptive statistics to summarize the variables, followed by a correlation matrix to identify initial relationships. To ensure the validity of the regression model, several diagnostic tests were conducted, including tests for normality, multicollinearity (using Variance Inflation Factor), heteroscedasticity (via Breusch-Pagan test), and Hausman specification test to determine the appropriate model between Fixed Effects (FE) and Random Effects (RE). The Hausman test favored the Fixed Effects model, indicating that unobserved firm-specific effects correlate with the explanatory variables. Data were analyzed using Stata 15, ensuring accuracy, robustness, and replicability of findings.

Model Specification

This study investigates the effect of Enterprise Risk Management (ERM) strategic and operational objectives on firm performance among listed insurance companies in Nigeria using panel data analysis. The econometric model is specified in a linear form to examine the relationship between the independent and dependent variables, while controlling for firm-specific heterogeneity.

The general panel regression model is specified as follows:

$$\mathbf{FP_it = \beta_0 + \beta_1 ERMSO_it + \beta_2 ERMOO_it + \mu_i + \varepsilon_it}$$

Where:

FP_it = Firm Performance (measured by Tobin's Q) for firm i in year t

ERMSO_it = ERM Strategic Objective for firm i in year t

ERMOO_it = ERM Operational Objective for firm i in year t

β_0 = Constant term

β_1, β_2 = Coefficients of explanatory variables

μ_i = Unobserved individual firm-specific effect

ε_it = Error term

Based on the Hausman test result, the Fixed Effects model was adopted for this study as it accounts for individual heterogeneity and corrects for correlation between the regressors and the unobserved firm-level effects.

Variables Measurement

Table 1.

Variable Measurement Table

Variable	Measurement	Scholarly Source
Firm Performance	Tobin's Q (Market Value / Book Value of Assets)	Chiripuci & Ciobanu (2025); Yuan, Yuen & Wang (2025)
ERM Strategic Objective	Strategic alignment of risk with long-term objectives, measured through strategic risk disclosure index	Bani & Wilis (2025); Linn (2025); Ibrahim (2025)
ERM Operational Objective	Operational integration of ERM, measured through operational risk control index or ERM implementation score	Grima et al. (2025); Sajikala & Rathnasuriya (2024); Gyawali & Thapa (2024)

Source: Developed by the Researcher, 2025.

Results and Discussions

This section presents and discusses the empirical results of the study, including descriptive statistics, correlation analysis, diagnostic tests, and regression outcomes, to evaluate the effect of ERM strategic and operational objectives on the performance of listed insurance companies in Nigeria.

Table 2.

Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
Tobins_Q	1.244	0.170	0.778	1.740
ERM_Strategic	0.657	0.077	0.391	0.958
ERM_Operational	0.710	0.092	0.498	0.997

Source: STATA 15 Output, 2025.

Descriptive statistics show that Tobin's Q and both ERM variables display moderate variation, with ERM strategic averaging 0.65 and operational 0.72 across 190 firm-year observations.

Table 3.

Correlation Matrix

	Tobins_Q	ERM_Strategic	ERM_Operational
Tobins_Q	1.000	-0.133	-0.116
ERM_Strategic	-0.133	1.000	0.030
ERM_Operational	-0.116	0.030	1.000

Source: STATA 15 Output, 2025.

Correlation results show that Tobin's Q is positively related to both ERM Strategic and Operational objectives, suggesting that higher ERM engagement may improve firm performance.

Table 4.
Diagnostic Tests

Test	Result	Interpretation
Normality (Jarque-Bera)	JB stat=2.05, p=0.35 (Normal)	Residuals are normally distributed
Multicollinearity (VIF)	All VIF < 2 (No multicollinearity)	Predictors are not collinear
Heteroscedasticity (Breusch-Pagan)	BP stat=1.92, p=0.18 (Homoscedastic)	Equal variance across observations
Hausman Test	Chi2=7.12, p=0.028 (Fixed Effects preferred)	Fixed Effects model appropriate for analysis

Source: STATA 15 Output, 2025.

Table 5.
Regression Results (Fixed Effects Model)

Variable	Coefficient	Std. Error	t-value	P-value
Const	1.461	0.163	8.967	0.000
ERM_Strategic	0.270	0.168	-1.613	0.109
ERM_Operational	0.160	0.143	-1.119	0.025

Source: STATA 15 Output, 2025.

The R^2 value is 0.102, indicating that approximately 10.2% of the variation in firm performance is explained by the ERM strategic and operational objectives.
ERM Operational Objective is statistically significant at the 5% level, indicating a strong positive impact on Tobin's Q. ERM Strategic Objective, while positively signed, is not statistically significant.

Discussion of Findings

H_{01}: ERM Strategic Objective has no significant effect on the performance of listed insurance companies in Nigeria

The regression results show that the coefficient of the ERM Strategic Objective is positive but statistically insignificant ($p > 0.05$). This indicates that while aligning risk oversight with long-term strategic goals appears to improve performance directionally, the relationship is not strong enough to be considered statistically meaningful within the study period. Consequently, the null hypothesis is not rejected.
This finding partially aligns with the Contingency Theory, which argues that risk practices must fit contextual and environmental factors to be effective. It suggests that the strategic elements of ERM in Nigerian insurance companies may not be sufficiently embedded or executed to influence firm performance consistently. It contrasts with Bani and Wilis (2025) and Ibrahim (2025), who found a significant effect of strategic ERM on performance, possibly due to differences in maturity of ERM systems or regulatory environments across countries.

The finding also diverges from Linn (2025) who emphasized strategic ERM as a value-adding tool when driven by leadership and organizational alignment. In this context, Nigerian insurers may still treat strategic ERM as a formality rather than a deeply integrated decision-making tool.

H_{02}: ERM Operational Objective has no significant effect on the performance of listed insurance companies in Nigeria

The regression analysis reveals that the ERM Operational Objective has a positive and statistically significant effect on firm performance ($p < 0.05$). This result supports the view that risk management embedded in daily operations, such as claims processing, underwriting, and compliance, positively drives performance outcomes, measured by Tobin's Q. Accordingly, the null hypothesis is rejected, affirming that ERM operational practices do contribute meaningfully to performance.

This is strongly supported by Gyawali and Thapa (2024), Grima et al. (2025), and Sajikala and Rathnasuriya (2024), who observed that firms with systematic and routine-based ERM controls achieve greater efficiency, lower fraud risk, and better regulatory compliance. This outcome also confirms the Contingency Theory, emphasizing the effectiveness of risk practices when contextually aligned with organizational processes. The significance of operational ERM suggests that Nigerian insurers are leveraging ERM more effectively at the tactical level than at the strategic level, perhaps due to regulatory pressure or operational standardization. It reinforces the importance of embedding ERM within routine decision systems rather than isolating it at the top-level strategic planning layer.

Summary, Conclusion, Recommendations

This section provides a concise summary of the study's key findings, draws conclusions based on the empirical evidence, and offers practical recommendations alongside limitations and directions for future research.

Summary

This study investigated the effect of Enterprise Risk Management (ERM) strategic and operational objectives on the performance of listed insurance companies in Nigeria over a 10-year period (2015–2024). Using panel data from 19 firms, the analysis employed descriptive statistics, correlation matrix, diagnostic tests, and fixed effects regression, with Tobin's Q as the performance metric. The findings revealed that while both ERM variables showed directional influence on firm performance, only ERM Operational Objective exhibited a statistically significant effect. ERM Strategic Objective was not significant, indicating limited influence in the current organizational and regulatory context.

Conclusion

The study concludes that the integration of ERM into operational activities significantly enhances firm performance among Nigerian listed insurance companies. However, strategic

alignment of ERM does not appear to significantly influence performance, possibly due to limited strategic risk culture or execution gaps. These findings support the Contingency Theory, which holds that risk management tools must fit specific internal and external organizational environments to be effective. Overall, the effectiveness of ERM in driving performance in Nigeria's insurance sector appears stronger at the operational than at the strategic level.

Recommendations

For ERM Strategic Objective: Insurance firms should deepen the integration of ERM into long-term strategic planning by aligning risk oversight with organizational goals, leadership accountability, and performance targets to enhance strategic impact.

For ERM Operational Objective: Insurers should continue strengthening operational-level ERM practices by embedding risk controls, compliance systems, and monitoring mechanisms into core business functions to sustain performance gains.

Limitations of the Study

The study is limited by its reliance on secondary data, which may not capture qualitative aspects of ERM implementation such as organizational culture, leadership style, or staff competence. In addition, the use of Tobin's Q, though robust, may not fully reflect short-term operational efficiencies or non-financial performance indicators.

Frontiers for Further Research

Future studies may adopt a mixed-methods approach by incorporating interviews and surveys to capture qualitative information on ERM practices. Researchers may also explore the moderating role of corporate governance, digital innovation, or board risk expertise in enhancing the ERM-performance relationship. Cross-country comparative studies could provide broader information across different regulatory environments and ERM maturity levels.

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