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Diversity of Board Practices in Sub-Saharan Economies: Evidence from Insurance Companies in Uganda

Hannington Businge[1], Vincent N. Machuki[2], Evans Aosa[2], James M. Njihia[2]

[1]School of Business and Management, Uganda Management Institute, Kampala, Uganda
[2]Faculty of Business and Management Sciences, University of Nairobi, Nairobi, Kenya
Email: hannington.businge@gmail.com

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Abstract

The study aimed at establishing the diversity of board practices of Insurance companies in Uganda. Board practices are conceptualized as; appointment of directors, inducting board members, planning board business, board structure and composition, board roles and responsibilities, board development, board meeting optimization, board compensation, board member retirement, liability protection and board evaluation. The study reviews evidence against the hypothesis that there is no statistically significant difference in the manifestation of diversity of board practices among Insurance companies in Uganda. The hypothesis was tested on an effective sample of 108 board chairpersons of companies regulated by insurance regulatory authority. The study was descriptive cross-sectional survey on a univariate variable of board practices. The data was analyzed using descriptive statistics. The findings of the study indicated that the studied board practices were all statistically significant. The dimensions with the highest manifestation were board structure and composition, board meeting optimization then roles and responsibilities. Inducting board members, board development, board evaluation and appointment of directors fell in the moderate category. Whereas, board compensation, board member retirement and liability protection results projected the least manifestation. The Null hypothesis was rejected (Mean = 3.42, CV = 42.85, t = 11.84436, p = 0.000 < 0.05). The findings imply that management of insurance companies must attach importance to all board practices since they are a cycle as a gesture for good corporate governance practice. Going forward managers of insurance companies in Uganda by borrowing a leaf from the study findings realize the importance of a clear compensation policy for board members, a clear retirement policy of board members and a clear policy on director's liability protection. The practice will attract committed, experienced and skilled board members to serve on the boards of insurance companies in Uganda. This study underlined the need for the Ugandan government through the regulator IRA to address the issue of unclear policy, by developing comprehensive board practices and a comprehensive corporate governance framework to provide a robust institutional framework governing appointment of directors, inducting board members, board structure and composition, roles and responsibilities, board development, planning board business, board meeting optimization, board compensation, liability protection, board member retirement, board evaluation. It is further recommended that companies should internally have a board development committee.

Keywords

Board Practices, Board Appointments, Insurance Companies, Uganda

1. Introduction

Board practices have been described as how organizations structure and use their boards (Sharma, 2020). Boards are the top executive of the organization with legal and ethical responsibility of supervising management on behalf of shareholders (Makhlouf et al., 2017). Boards are facing increasing changes, with high expectations from stakeholders and tuff punishment if the bar is not met (Ben-Amar et al., 2017). He further lists seven practices for effective board, including responsibilities and roles, information and resource/s for development, composition and structure, agenda for optimizing meetings. Northrop (2018) suggests that building a strong board should be more than best board practices by instituting a board development committee to meet the dynamic board practices. Hossain & Oon (2022) suggest that one of the best practices is to ensure frequent board meetings since it's the principal source of information and leads to superior organizational performance.

Globally, financially sound insurance companies contribute to economic growth through the management of risks and providing long-term savings platforms (Din et al., 2017). Signé & Johnson (2020) suggest that the impact of insurance on economic growth is more significant in developing economies with high-quality institutions and legal structures. Insurance companies attract both local and foreign investors. The insurance companies are licensed under the Insurance Act 2017 laws of Uganda. The same law tasks every insurance company to develop its governance framework as a guide on the appointment of directors. This self-regulation explains the variations in board practices across companies. The governance framework is expected to set standards among others, the board practices and thereon characteristics and align them to their roles (IRA, 2018). Among others to ensure 50% of board members should be Ugandan residents. This however has not been implemented. Insurance companies in Uganda are not exceptional to global corporate governance challenges (KPMG, 2015). A study conducted by KPMG (2015), a reputable global audit firm reported that fraud accounts for 10% of the cost of every insurance premium paid in Uganda. To be exact (IRA, 2018) reported fraud of UGX 3 billion, and 2019 reported UGX 4.9 billion committed in the insurance industry in Uganda. The question is, what practices are considered in instituting and running boards in Uganda?

Uganda's Insurance industry is competitive and for that matter, it calls for a high level of innovation and creativity by those running the organizations (IRA, 2019). Internal structures like boards and their characteristics must be aligned. Furthermore, low percentage of insurance penetration at 0.7%, and low levels of uptake of insurance in Uganda is at 1% compared to others like Rwanda at 15% and Kenya at 9% which ranks the lowest in the region (FinScope Survey, 2018). Uganda's insurance per capita is 3 USD compared to Kenya at 30 USD and South Africa at 1000 USD (UIA, 2019). There is also an increase in client complaints registered (IRA, 2019). The Uganda insurance company's performance is attributed to strategic behaviour and failure to adopt new ways of doing business (UIA, 2019).

Board practices in Uganda are not sufficiently documented with limited studies. Due to the infancy nature of the insurance industry, this warranted a univariate study on board practices to act as a foundation, and as such this study intended to lay a foundation and document country board practices on studied practices and their level of practice. Secondly, the insurance industry in Uganda has only two publicly listed companies on the Uganda stock exchange. This implies that insurance companies are not mandated to avail their performance information and other information to the public in detail as it's a requirement for listed companies both online and offline. Based on the challenge of gathering secondary data from private limited companies the study opted to collect primary data on board practices from chairperson boards and corporation secretaries since they are the custodians of information.

The insurance sector in Uganda, like in any other country, requires strong board practices to ensure effective governance and risk management. Some reasons why board practices are important in the insurance sector in Uganda include: Compliance with regulations: The insurance sector in Uganda is regulated by the Insurance Regulatory Authority (IRA). The board of an insurance company is responsible for ensuring that the company complies with all the regulations set by the IRA. This includes ensuring that the company has adequate capital, that it maintains solvency ratios, and that it submits regular reports to the IRA. Failure to comply with these regulations can result in sanctions or penalties, which can have serious consequences for the company. The study aimed at establishing the diversity of board practices of Insurance companies in Uganda.

2. Literature Review and Hypothesis Development

Laoworapong et al. (2015) pose relevant questions that yearn for answers on diversity of board practices and effectiveness thereon. They include; where to find good board members, how much to pay board members, how often should they meet, how to structure board pay, size of board, meeting time and frequency, and term of service. However according to Makhlouf et al. (2017) the most effective board must have discipline, be professional and have a thoughtful approach towards work. This can be achieved through practicing, prior planning for board business, fruitful and agenda set meetings, regular assessments and effective chair to the plenary and committees. The board being a high governing body its practices and functioning on carrying out its fiduciary obligations can move the organization forward (OECD, 2019). Since the boards are responsible for reporting, approving and advising there is urgent need to study board practices of insurance companies in Uganda as the industry is still at infancy so that it can get proper direction on diversity of board practices. This is further echoed by board shareholder confidence index (BSCI, 2019) on board practices. Thus it's postulated that there is no statistically significant difference in the manifestation of diversity of board practices among Insurance companies in Uganda.

Furthermore, Ward & Handy (1988) studying a survey of board practices of 147 privately owned companies in USA using an email survey and a sample which was not random revealed the most important questions to be answered when it comes to board practices. How private companies use and structure their boards? Why should someone be appointed to serve on the board? Who should be eligible to serve on the board? How should the company structure and manage its board? These are the questions most commonly asked by business owners or leaders about board structure: Where do you find board members? How many should be on the board? How often do board members meet? How do you structure the pay? How much should you pay? How long should each term of election be? What do we do about liability and insurance? How should we allocate meeting time? Most often, there is no defined term of office or mandatory retirement policy. The instrument for data collection was set along those lines to bring out the real picture on diversity of board practices in insurance sector in Uganda.

Elnahass et al. (2022) points out one of the common board practices of board compensation and how it positively influences company market valuation. Investors are seen to positively price and perceive information related to its board compensation policy. Vahdati et al. (2023) on board compensation policy links it to business sustainability and tests it to be positively related. Though several studies have been conducted on executive compensation this study will focus on board compensation as one of the board practices for insurance companies in Uganda. Secondly these studies were not conducted in Uganda this study will help contextualize the findings to Uganda insurance sector debate in corporate governance challenges and opportunities.

Wang et al. (2022) investigated and shared another board practice of director and officer's liability (D&O) insurance and links it directly to how boards are positively related to attendance of meetings. The study further reports that the attendance rate of board meetings of insured directors to 2.9% compared to companies whose boards are not insured. Hence director liability insurance increases meeting attendance rate. Jia & Tag (2018) contradicts the earlier findings by reporting a negative relationship between director liability insurance and board meeting attendance. The study notes irresponsible behavior by independent directors by claiming to be busy all the time. Hence director liability insurance reduces effectiveness of independent directors. Hu & Fang (2022) suggests that director and officer's liability insurance is positively influenced by its peers who are associated by its executives through their academic journey. The current study is in agreement with Hossain & Oon (2022) who posited that frequent board meetings lead to better firm performance. Boards of Insurance companies in Uganda should endeavor to hold all statutory meetings keeping in mind not to increase unnecessary agency costs.

Further supported by Legon (2014) who in his study investigated effective boards on higher institutions of learning he came out with ten practices/habits that characterize effective boards. However, the study was industry specific to education institutions and was conducted in the United States of America. Furthermore, the study was not only from a developed economy but was also qualitative. Going forward the current study of diversity board practices of insurance companies in Uganda will be quantitative and in a developing economy in Sub-Saharan Africa. The ten habits include accountability, oversight, shared governance, delegation to committees, effective board chair, inclusive culture, good relationship with president. If these practices are fully adopted and practiced by insurance companies in Sub-Saharan Africa the level of corporate governance would be very good.

Kostyuk (2003) in a study of board practices an international review with focus on Ukraine, German, USA and UK used a sample of 50 companies. The study findings provided evidence of low frequency of meeting of the board, small number of independent directors on the board, small number of committees on the board, the management board influences the supervisory board. Through Strategic planning the board of an insurance company is responsible for setting the strategic direction of the company. This involves identifying opportunities for growth, assessing the competitive landscape, and making decisions about resource allocation. Effective board practices can ensure that the company has a clear strategic plan that is aligned with its objectives and values. Any compromise of the board practices may directly affect the strategic planning role of the board.

Leal & De Oliveira (2002) in their study of evaluation of board practices in Brazil on a sample of 120 companies revealed existence of small boards and ineffective board committees. Board procedures are sometimes not formalized, board members and CEO are not evaluated and most companies avoid going public. Legal protection is weak. Brazilian companies are commonly controlled by family groups or through shareholder's agreements. Controlling shareholders hold a very large portion of voting shares, much more than the minimum necessary to retain control. The board practice of oversight of management may be compromised as the board of an insurance company is responsible for overseeing the activities of management. This includes monitoring the performance of the Chief Executive Officer and other senior executives, ensuring that the company has effective policies and procedures in place, and making decisions about compensation and rewards. Effective board practices can ensure that the company is led by competent and ethical management (Nowland, 2008).

Mulili & Wong (2011) predict that board practices originating from developed economies may not directly be applied for the benefit of other economies. This was one of the findings in a study about corporate governance practices in developing countries the case for Kenya. The conclusion was arrived based political, economic, technological and cultural differences (Rabelo & Vasconcelos, 2002). Furthermore, Kimosop (2011) recommends in the study of relationship between corporate governance and financial performance of 41 licensed Insurance companies in Kenya that the regulator should draw minimal requirements for corporate governance in the insurance industry to serve as guideline for the insurance firms; this will improve the financial performance of these firms. Therefore, objective of this study was to establish the diversity of board practices of Insurance companies in Uganda and thus from the literature reviewed this study is hypothesized as **H_{01}:** ***There is no statistically significant difference in the manifestation of diversity of board practices among Insurance companies in Uganda.***

3. Methodology

The study investigated the diversity of board practices of insurance companies in Uganda using a positivistic approach. The researcher conducted a descriptive cross-sectional survey, which allowed for data collection from multiple respondents at a specific point in time, enabling meaningful analysis of relationships among variables and facilitating comparisons across different respondents. The target population consisted of all 131 licensed insurance companies in Uganda as of July 31, 2021. A census approach was adopted due to the small and manageable population size. The study respondents were board chairpersons or corporation secretaries because the two are responsible for setting board agenda and are the official custodians of board information.

Primary data was collected through a structured questionnaire with closed-ended questions, using a Likert scale. The questions in the questionnaire were guided by Ward & Handy (1988) and board shareholder confidence index (BSCI, 2019) and modified by the researcher in context. The questionnaire demonstrated high reliability, with Cronbach's alpha coefficients exceeding the recommended threshold of 0.7. The study also ensured the quality of the data collection instrument by assessing its validity, which was confirmed through the Kaiser-Meyer-Olkin (KMO) index and Bartlett's test of Sphericity. The high KMO scores indicated the suitability of the data for further statistical analysis, and the significant p-value from Bartlett's test validated the data at an acceptable level of significance.

The data analysis method employed was descriptive statistics for univariate analysis. This method involved summarizing and describing the main features of a dataset, such as measures of central tendency (mean), measures of dispersion (standard deviation) and coefficient of variation, and univariate analysis was used and one sample t-test determined significance (2-tailed) as p-value.

4. Findings

This being the first objective from the univariate variable sought to establish the diversity of board practices of Insurance companies in Uganda. In this subsection the study presents the findings of the tests for the hypothesis of this study which was formulated from the research objective. The study hypothesized H_{01}: There is no statistically significant difference in the manifestation of diversity of board practices among Insurance companies in Uganda. Board practices included appointment of directors, inducting board members, planning board business, board structure and composition, roles and responsibilities, board development, board meeting optimization, board compensation, board member retirement, liability protection and board evaluation. This was done by generating the relevant univariate statistics for each of the board practices dimensions as a composite index.

The composite index for this study was generated by the mean values of the variables conceptualized under board practices. The sample test (t-value) and significance (2-tailed) were run to ascertain the significance of each board practice individually. The results facilitated hypothesis testing and coming to the conclusion. The mean standard deviation (SD), and coefficient of variation (CV) as well were tested. The overall tests were also conducted on all the dimensions to ascertain a combined significance. The results are presented in **Table 1**.

Results in **Table 1**, presents findings on manifestations of the statements relating to diversity of board practices. All the dimensions of board practices showed significant differences among the firms surveyed in their manifestations well below 0.05 ($p < 0.05$). The results of the study indicated that board practices in the surveyed insurance companies were well practiced with exception of board compensation, board member retirement and liability protection hence reflecting good company board practices. The average composite index mean score for board practices was 3.42, suggesting that the majority of those who took part in the study indicated that to a moderate extent the statements apply to their companies.

The standard deviation was 1.40, while the coefficient of variation was 42.85 showing a high deviation from the mean and a relative variability of 42.85%. The dimensions with the highest mean score were board structure and composition with majority of the respondents indicated that to a large extent board structure and composition apply to their companies (Mean = 4.09, SD = 0.91, CV = 22.25,

Table 1. Difference in the manifestation of diversity of board practices.

Statement	n	Mean	Std. Dev.	CV	Sample test (t-value	Sig. (2-tailed)
Appointment of directors	80	3.28	1.57	47.87	10.696	0.000
Inducting board members	80	3.46	1.43	41.33	11.009	0.000
Planning board Business	80	3.98	1.23	30.93	16.548	0.000
Board structure and composition	80	4.09	0.91	22.25	20.642	0.000
Roles and responsibilities	80	3.95	1.26	31.90	17.117	0.000
Board development	80	3.33	1.38	41.44	9.569	0.000
Board meeting optimization	80	4.04	1.20	29.70	19.348	0.000
Board compensation	80	2.85	1.69	59.30	6.449	0.000
Board member retirement	80	2.39	1.51	63.18	3.063	0.003
Liability protection	80	2.99	1.72	57.53	6.250	0.000
Board Evaluation	80	3.30	1.44	43.64	9.597	0.000
Over all	**80**	**3.42**	**1.40**	**42.85**	**11.844**	

Source: Research data (2023).

$t = 20.642$, $p < 0.05$ (0.000)). Followed by board meeting optimization where majority of the respondents indicated that to a large extent board meeting optimization apply to their companies (Mean = 4.04, SD = 1.20, CV = 29.70 $t = 19.348$, $p < 0.05$ (0.000)). Then roles and responsibilities where the majority of the respondents indicated that to a moderate extent roles and responsibilities apply to their companies (Mean = 3.95, SD = 1.26, CV = 31.90 $t = 17.117$, $p < 0.05$ (0.000)).

Whereas dimensions with the moderate mean score were; planning board business apply to their organization (Mean = 3.92, SD = 1.30, CV = 33.16 $t = 16.548$, $p < 0.05$ (0.000)). Inducting board members apply to their organization (Mean = 3.46, SD = 1.43, CV = 41.33, $t = 11.009$, $p < 0.05$ (0.000)). Appointment of directors apply to their organization (Mean = 3.33, SD = 1.38, CV = 41.44, $t = 10.696$, $p < 0.05$ (0.000)). Board evaluation apply to their organization (Mean = 3.30, SD = 1.44, CV = 43.64, $t = 9.597$, $p < 0.05$ (0.000)).

The study findings further revealed the dimensions with the lowest mean score; liability protection apply to their organization (Mean = 2.99, SD = 1.72, CV = 57.53 $t = 6.250$, $p < 0.05$ (0.000)). Board compensation apply to their organization (Mean = 2.85 SD = 1.69, CV = 59.30, $t = 6.449$, $p < 0.05$ (0.000)). Board member retirement apply to their organization (Mean = 2.39, SD = 1.51, CV = 63.18 $t = 3.063$, $p < 0.05$ (0.003)). With the overall mean of 3.42 and in comparison between the highest and the lowest composite index it is an implication that board practices of insurance companies in Uganda have a statistically significant difference in the manifestation of standard board practices in insurance companies. Hence the null hypothesis is rejected and failed to reject the alternative hypothesis.

5. Discussion

The objective of the study aimed at establishing the diversity of board practices of insurance companies in Uganda. This objective had a corresponding hypothesis, **H_{01}:** There is no statistically significant difference in diversity of board practices of Insurance companies in Uganda. The standard board practices dimensions were found statistically significant in manifestation among insurance companies in Uganda. The dimensions with highest manifestation were board structure and composition, board meeting optimization then roles and responsibilities. Inducting board members, board development, board evaluation and appointment of directors fell in the moderate category. Whereas, board compensation, board member retirement and liability protection results projected the least manifestation as a less extent. However, the results did not predict any board practices that is not practiced or not at all. The Null hypothesis was rejected (Mean = 3.42, CV = 42.85, t = 11.84436, P-value = 0.000 < 0.05).

There may be differences in the manifestation of standard board practices among insurance companies in Uganda. This is because each insurance company may have different corporate cultures, structures, and strategies, which can influence how they operate and govern themselves (Nzeribe, 2019). However, there are some general principles and standards that are common to most insurance companies, such as the need for transparency, accountability, and effective risk management. These principles are usually embodied in laws and regulations that govern the insurance industry in Uganda. This is further supported by Northrop (2018) who calls for best board practices to meet the dynamic needs of the customers and the company they serve.

The results further confirm the findings of Hossain & Oon (2022) board practices like board meetings are a primary source of information for strategic decision making. Insurance companies in Uganda are required to have a board of directors, which is responsible for overseeing the management of the company and ensuring that it complies with legal and regulatory requirements. The board is also responsible for setting the company's strategic direction and ensuring that it operates in the best interests of its stakeholders. Some insurance companies in Uganda may have more robust governance practices like regular and effective meetings than others, including regular board evaluations, and formal risk management frameworks.

Despite board compensation practices and its benefits to the company it had the lowest mean score meaning that the insurance companies in Uganda are missing on benefits like market valuations, investor positive perception on price (Elnahass et al., 2022). Sustainability is found to be positively associated with board compensation (Vahdati et al., 2023). Furthermore, director liability protection also was below the decision point meaning that Insurance companies in Uganda are missing the associated benefits of the practice. Jia & Tag (2018) Directors liability insurance has a positive relationship and board meeting attendance. Wang et al. (2022) suggest that board meeting attendance rate is positively associated with director's liability protection. Hu & Fang (2022) suggest that purchase of director liability insurance is associated with peer influence of executives who studied in the same universities.

Walters (2017) suggests that boards should at all times be formal in conducting their duties including during induction of new board members. Other insurance companies have less formal governance practices, such as lack of directors liability protection, unclear board compensation policy, unclear board retirement policy, less frequent board meetings. Ultimately, the effectiveness of a company's board practices will depend on how well they are implemented and the degree to which they are aligned with the company's overall strategy and culture. As such, it is important for insurance companies in Uganda to continually review and improve their governance practices to ensure that they remain effective and relevant in the changing business environment.

The findings are in line with several studies both locally and international context. Herman & Renz (2000) found that organizations using more of the prescribed board practices are also more likely to use other prescribed correct procedures. This may be the reason why the study results of board practices are falling in three categories namely; high mean composite index, moderate mean composite index and lowest mean composite index. Important to note there was no insurance company surveyed that whose responded category was not at all. This further implies that board practices may be practiced progressively.

However, the study findings contradict Leal & De Oliveira (2002) whose findings reveal that board committees are ineffective, board procedures are rarely formalized and board members and CEOs are not evaluated in most cases. The practices above in this study predict a highly moderate composite index meaning that they are practiced. It further reveals that boards are evaluated to gauge their periodic performance for the benefit of the insurance companies. There are several methods used to evaluate a board, including self-evaluation, peer evaluation, and external evaluation. Self-evaluation involves board members assessing their own performance, while peer evaluation involves board members evaluating each other's performance. External evaluation involves bringing in a third-party evaluator to assess the board's performance. The purpose of board evaluation is to identify areas of improvement and enhance the board's overall effectiveness in fulfilling its duties and responsibilities. By conducting regular board evaluations, organizations can ensure that their boards are functioning at a high level and contributing to the success of the organization. In agreement with study findings Brown (2007) study findings support the contention that board development practices lead to more capable board members, and the presence of these board members tends to explain board performance Zimmermann & Stevens (2008). Posits that actual board roles differ from "best practices" as prescribed in the literature South Carolina USA.

Frequency of meetings as a board practice in agreement with the study results is considered to be one of the core advantages of the Greek shipping companies, as it increases their operational flexibility and favours fast decision making (Theotokas, 2007). Tsai et al. (2015) associate effective board practices with a specific pattern of management practices within an organization. Board practices are consistent with agency theory Berle & Means (1932), Lipton & Lorsch (1992) and Jensen (1993) mention that board practices stems from agency theory. Based on this theory, Fama (1980) argues that a board is essential for monitoring, supervising, and coordinating with managers, while board's are critical for checking managers' activities. The size of board also influences the company's long-term performance based on agency theory (Fama & Jensen, 1983). The board's practices should be designed to ensure that the executives act in the best interests of the shareholders, and that the board is able to effectively monitor and control the actions of the executives.

6. Conclusion

The study tested the statistical significance of diversity of board practices of Insurance companies in Uganda as hypothesized by hypothesis, that there are no statistically significant standard board practices of Insurance companies in Uganda. The study provided evidence that board practices have a statistically significant difference in their manifestation. Practices ranging from appointment of directors, inducting board members, board structure and composition, roles and responsibilities, board development, planning board business, board meeting optimization, board compensation, liability protection, board member retirement, and board evaluation are equally important since they were individually statistically significant. These board practices are an important element in defining the board characteristics for the board members to be appointed to the board.

The findings of the study scientifically grouped into three meanings in relation to the study. The first set what came outstanding was board structure and composition as well as board meeting optimization was highly practiced and well known to the insurance companies surveyed. The second set of planning board meetings, roles and responsibilities, inducting board members, appointment of directors, board development, and board evaluation were moderately practiced by insurance companies in Uganda which were surveyed. The third set of findings on board compensation, board member retirement, and liability protection of board members if practiced by any insurance company in Uganda is by default. This leaves boards of insurance companies in Uganda vulnerable.

The study findings further led to the confirmation that three board practices of board compensation, liability protection and board retirement have not been emphasized in practice by the insurance companies in Uganda. This is evidenced by the lowest t-values and the corresponding lowest mean scores among the board practices studied. It is therefore concluded that board practices of insurance companies in Uganda have a statistically significant difference in the manifestation of standard board practices in insurance companies. Hence, board practices of insurance companies in Uganda should always be practiced to a larger extent and not for compliance purposes but as good corporate governance practice. It further concluded that retirement, liability protection and compensation should have a unified practice across the industry set by the regulator.

7. Recommendations

Board practices findings indicated that they were all significant implying that management of insurance companies must attach importance to all board practices since they are a cycle as a gesture for good corporate governance practice. Going forward managers of insurance companies in Uganda by borrowing a leaf from the study findings realize the importance of a clear compensation policy for board members, a clear retirement policy of board members and a clear policy on director's liability protection. The practice will attract committed, experienced and skilled board members to serve on the boards of insurance companies in Uganda. It is further recommended that every insurance company should have a board development committee to oversee the board practices.

Board practices of insurance companies in Uganda were found to be significant in their manifestations. This study underlined the need for the Ugandan government through the regulator IRA to address the issue of unclear policy, by developing comprehensive on board practices and a comprehensive corporate governance framework to provide a new institutional framework governing appointment of directors, inducting board members, board structure and composition, roles and responsibilities, board development, planning board business, board meeting optimization, board compensation, liability protection, board member retirement, board evaluation.

Limitations and Suggestions for Further Research

There are a number of limitations which were encountered during the process of this study.

Firstly, the study encountered methodological limitations. The study relied on primary data obtained through a structured questionnaire as the main tool of collecting data as opposed to secondary data. This is because self-reported data from the insurance companies was not accessible since they are not listed on stock exchange as public entities mandated to avail their performance information either online or offline. The available secondary data was scanty and could not be verified to be relied upon for the current study as it may have resulted in apparent biases which could have led to serious errors during analysis and skewed findings in supporting the formulated hypothesis. Future research should focus on finding out why insurance companies' information in Uganda is scanty.

Secondly, in context the uniqueness of the study variable (diversity of board practices) was in infancy in Uganda and this resulted in limited sources of data which are the foundation of understanding the research problem. The research opted for a univariate variable study to set the foundation in context and cushon the infancy challenges. The previous studies had not adequately described the study variables which turned difficult to gather recent studies for comparison purposes not only in Uganda but also in East Africa. Comparing the study findings with the previous studies provide a platform in an integrated form to act as the base for present and future references. Future research should focus on relating the diversity of board practices with other variables like performance, regulation, environment and suggest any moderating or mediating influence.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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