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Does risk management committee matter in the market performance of listed manufacturing firms? Evidence from a developing country

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Abstract
The board of director's Risk Management Committee (RMC) is a subcommittee with oversight of firm's risk. This committee is also tasked with creating guidelines for risk management that will help the firm achieve its goals. The study aims to investigate the impact of RMC attributes on the market performance of Nigeria's listed manufacturing firms. Ex-post facto correlational design was adopted in the study. The population consists of all sixty-four (64) manufacturing firms from six (6) different industries that are listed on the Nigerian exchange market. The information was gathered from the firm's annual financial reports, which covered an eight 8-year period (2013-2020).The Panel Corrected Standard Errors (PCSEs) regression was adopted to test the hypotheses. The result showed that Risk Management Committee (RMC) size, independence, gender diversity and overlapped directors have a negative significant impact on market performance. Furthermore, RMC expertise has a positive significant impact on market performance while RMC diligence has a positive insignificant impact on firm value.The study incorporated the overlap director on the risk committee into the expanded model. This is the requirement of the code of corporate governance in Nigeria for listed firms. This has not received the attention of prior studies. The study provides insight to the financial reporting council of Nigeria, stakeholders and corporate managers on the impact of having RMC with qualitative attributes on the growth and survival of firms. In addition, the study suggests that regulators should ensure that listed firms compose a separate risk committee with qualitative attributes with a significant number of members having accounting and finance knowledge.

Keywords Corporate governance, Market performance, Risk management, Emerging economy

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1.0 INTRODUCTION

One of the most important financial metrics that attracts investors and other stakeholders to the firm is market performance. The goal of corporate finance decisions, in the long run, is to maximize shareholder wealth and investment. The creation of a financial value system in which one financial action can influence other financial decisions affecting the firm's market performance is one way to optimize the value of a firm. The net worth of a firm at any one time is known as firm value. The term "market performance" is occasionally used to describe it. Market performance is a term used to describe how much an asset or firm is worth in a financial market. It is commonly used for market capitalization when dealing with assets and it is jointly determined by market participants.

The Nigerian code of corporate governance mandates that listed companies have a Risk Management Committee (RMC) in place. The RMC (principal) is viewed as having the capacity to carry out its oversight responsibility over the management (agent) for particular risks in its capacity as a board subcommittee. It is in line with the agency theory, which suggested that the principal (Shareholder) should keep an eye on the actions taken by the agent (Manager) to protect the investments and assets of the company.

Risk Management Committee (RMC) is the subcommittee of the board established to manage firm risk profile and formulate policies that will mitigate against risk capable of affecting business operations. The concept of risk is future uncertainty that contains any material effect that is capable of affecting firm goals. However, Hespenheide, Pundmann and Corcoran (2007)

acknowledged the existence of risk as indispensable in modern-day business operations. The intelligent risk management approach is that reasonable risk is acceptable in business operations. However, a conscious effort must be adopted to proactively address it. The firm may evaluate the type and level of risk before adopting it as an essential condition in its business operations.

The RMC's scope of work includes the intelligent risk approach that informs the board and management of the critical risks associated with the firm's business. If practised well in the firm, the method, including strategic and tactical actions, can create value. (Bugalla, Hackett, Kallman, & Narvaez, 2010). Risk management lowers the cost of capital and reduces business uncertainty-related activities, adding value to the company and fostering economic growth (Nourbakhshian, Rajabinasr, Hooman & Seyedabrishami, 2013).

It is understood that risk management is an essential part of a company's corporate governance. Risk has significantly increased in importance and is particularly on the Board of Directors' agenda (BoDs) meetings due to many corporate challenges. Failure to recognize and manage risks can adversely impact firms and other stakeholders (Subrarnaniam, Collier, Phang & Burke, 2011). Firms with a sound risk management approach may protect the firm's market performance and assist the firm in identifying opportunities to create value. Consequently, risk management is essential to corporate governance (Davies, 2013). The RMC focuses on the firm's risk profile and ensures that risk management runs smoothly.

There are several distinct risks from the client's business risks that have an impact on the viability of the client's business, including risk associated with market, product and competition. Along with external threats, businesses should consider internal threats including risk associated with financial, compliance and operations. All of these risks may be effectively managed and controlled by this board subcommittee if there is a separate RMC that is solely in charge of the firm's risk profile, including the threats from both inside and outside the company.

This study is driven by the idea that a firm's value is essential to maintaining its growth and expansion (Kakanda, Bello & Abba, 2016). It is common knowledge that good corporate governance practices improve shareholder value and business growth (Cohen, Krishnamoorthy & Wright, 2002). Although previous research has employed a variety of corporate governance variables to demonstrate a connection with performance, prior studies on the characteristics of risk management committees are scarce and remain unreliable (Ng, Chong & Ismail, 2012). There is minimal empirical research on the RMC and the factors that are related to it that may affect market performance (Subramaniam, McManus, & Zhang, 2009). By being aware of this, a firm may be able to operate with less risk, which could reduce costs and ultimately increase value.

The RMC is generally considered to be the risk management team rather than the audit committee, which is typically regarded as being in charge of a firm's financial reporting profile. Risk management has become a more concentrated area of the board (Yatim, 2009). Only a few studies have looked at how RMC qualities affect market performance. The introduction of the overlap director variable into the model closes a gap, which provides numerous reasons for the researcher to carry out the investigation. Prior research that examined RMC attributes on market performance came up with mixed results (Malik, Shafie & Ismail 2021; Boudiab & Ishak, 2020; Kakanda, Salim & Chandran, 2018).

In Nigeria, prior studies focused on the impact of RMC on financial performance in the banking, insurance and other financial services sectors (Yahaya & Ogwiji, 2021; Virginus, Adaeze & Gabriel, 2021; Chukwujekwu, Theresa & Vincent, 2020; Fali, Philomena, Ibrahim, & Amos, 2020; Jimoh & Attah, 2017)). However, Kakanda et al. (2018) link RMC attributes to market performance proxy as market to book value (MKV) in the Nigeria financial services sector which is a different measure of market performance adopted in this study. Thus, this study considered the manufacturing sector. These sectors significantly impact a country's economy. For instance, industrialized nations, account for a significant share of total economic activity. In Nigeria, the subsector accounts for over 10% of the total GDP each year and employs around 12% of the formal economy's workforce.

Manufacturing firms are faced with myriad of challenges and uncertainty in the business environment they operate in Nigeria. The unstable business climate can affect their ability to meet set goals. These risk related problems must be properly managed through risk management activities in order to achieve business sustainability and increase performance. The failure to

manage these risk induced challenges, could negatively affect the financial and market performance of the firms. Obviously, non-functional risk committee would result in business failures. The effect of COVID-19 pandemic, the decline in demand and investment, higher production cost, devaluation of the naira and increase in unsold stock among other factors have greatly affected business sustainability in Nigeria.

Future research should examine the roles, functions, and interactions of RMC with corporate governance procedures, according to recommendations made by Yatim (2009) and Subramaniam et al. (2009). Yatim (2010) posited that the creation of RMC as a board subcommittee represents the company's commitment to enhance the environment for internal control and lowering risks associated with reputation, finance and operations. Future study is required to gauge the efficacy of RMC so that the board can determine how much the RMC has helped the company (Liew, Mat Zain, & Jaffar, 2012). Furthermore, Hassan, Saleh, Yatim, and Rahman (2012) argued that more study of the RMC's makeup, operations, and member functions is still required. Further research is recommended in order to assess the effect of RMC qualities on market performance in Nigeria (Usman & Abdullahi, 2021).

The board is in charge of formulating a company's strategies and building up a successful risk management system. An RMC's presence is a positive development (Yatim, 2010). The RMC should possess essential qualities in terms of its composition (board size and composition of directors), board procedure (regularity of meetings), and board attributes in order to function as an efficient committee (knowledge, skill, diversity, experiences, academic, overlap directors and qualification). As a result, the study investigates the impact of RMC attributes including its size, diligence, independence, expertise, overlapped directors, and diversity on the market performance of listed manufacturing firms in Nigeria. The study comprises five sections. This introduction is followed by a literature review and hypothesis development in Section Two. Section Three discusses the research methodology. Results analysis and implications of the study are provided in Section Four. Conclusions and limitations are included in Section Five.

2.0 LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Boudiab and Ishak (2020) examined RMC attributes and the performance of non-financial listed firms in Malaysia. The findings revealed that RMC size and training have a significant negative relationship with performance while diligence has an insignificant association with performance. Ramlee and Ahmad (2020) examined the Malaysian risk management committee and the financial performance of listed firms. The findings indicate that a chief risk officer, RMC knowledge, and expertise have a significant influence on a firm performance.

In Nigeria, Salaudeen, Atoyebi and Oyegbile (2018) examined Enterprise risk management and performance of selected consumer goods companies in Nigeria. The result indicates a significant positive relationship between RMC expertise and board size on performance, while a chief risk officer has no significant effect on performance.

Kakanda et al. (2018) evaluated RMC characteristics and market performance (market to book value) of listed financial services firms in Nigeria. The study reported that RMC size significantly influences market performance in a negative manner while RMC composition and meeting impact substantially market performance. Fali, et al. (2020) examined the risk management committee’s characteristics and performance of listed insurance firms in Nigeria. The study reported that RMC expertise has a significant negative relationship with performance while RMC size and independence do not influence performance.

Chukwujekwu et al. (2020) evaluates RMC attributes and financial performance of listed banks in Nigeria. The study documents that RMC composition and size have a negative and insignificant impact on performance while diversity has a significant positive impact on performance. Virginus, et al. (2021) critically studied the corporate risk management committee’s impact on firm performance in the Nigerian banking sector. The result revealed that corporate risk committee diligence and composition have a significant positive relationship with performance while size and expertise are positively insignificant and insignificant.

However, Yahaya and Ogwiji (2021) evaluate the risk management committee trait on the profitability of Nigeria's banking sector. The findings suggest that

gender diversity, meeting and risk committee presence failed to affect profitability significantly. However, the RMC independence and size indicate adverse and significant impacts on profitability, which contrasts with prior related studies.

Most of the prior studies reviewed in Nigeria were in the Banking, financial and insurance services sectors, and they focused on linking RMC with financial performance or profitability. However, Kakanda, et al., (2018) link RMC attributes with market performance by using the market-to-book value to measure market performance. This study employed Tobin's Q as a proxy for market performance, which was adjudged the most appropriate measure due to its futuristic nature.

2.1 Risk management committee size

Despite limited prior studies linking RMC and firm value, few pieces of literature have reported inconsistent outcomes regarding it. According to Pathan (2009), larger boards of directors in American holding firms take on more risk. According to Hutchison and Ngoc (2012), "the effectiveness of the RMC and compensation committee (CC) reciprocally handled and checked extreme risk-taking variables that contributed to greater performance of the organization. It is advised that a board's size should be appropriate neither enormous nor small for efficiency. The optimal board size, according to Zubaidah, Nurmala, and Kamaruzaman (2009), should have seven or more executive members in the board committee to preserve the board's efficacy and efficiency (Jensen, 1993; Zubaidah et al., 2009). According to the resource dependency and agency theories, only a small number of boards can effectively counsel and advise the company on its strategic options (Pearce & Zahra, 1991). Since it is becoming increasingly challenging for CEOs to dictate to boards with larger size, boards with larger memberships are occasionally regarded as being more in-depth at scrutinizing the actions and decisions of top-level management.

H1. There is a significant positive impact of RMC size on market performance.

2.2 Risk management committee diligence

The most important component when effectiveness is expected in the committee's functioning is RMC member participation (Ng, et al., 2012). The RMC's key agenda item is to hold meetings regularly, which will be useful for interacting with the board and exchanging beneficial ideas to boost business productivity. Regular meetings, checks, and balances make sure that nothing is missed (Fajembola et al., 2018). More RMC meetings are anticipated to signify better governance (Hines & Peters, 2015). Additionally, more meetings are crucial for determining the effectiveness of the risk management committee members (Kakanda, et al., 2018; Ng, et al., 2012). Meetings enable RMC members to easily exchange ideas, reach consensus, and detect risk indicators by maintaining a close watch and observing (Kakanda, et al., 2018; Ng, et al., 2012).

H2. There is a significant positive impact of RMC diligence on market performance.

2.3 Risk management committee expertise

The effectiveness of the board and its subcommittees is largely dependent on the aforementioned variables in addition to a director's competency. Given the principle of resource dependency, directors with greater expertise and experience can contribute to limiting earning management strategies (Samaila, 2014). His/her credentials and experiences are among the telltale signs of a competent director. Additionally, the investors prefer companies with an abundance of board members that are educated and qualified. Members of RMC who have the necessary training and expertise may recognize and resolve issues that the company is facing.

H3. There is a significant positive impact of RMC expertise on market performance.

2.4 Risk management committee independence

The independent RMC members must safeguard all pertinent data and resist manager pressure to reduce firm risk to promote best practices. According to the 2018 revision of the corporate governance rules, the chairman of the RMC must be an independent director. Many other corporate governance laws throughout the world mandate

that businesses form their risk management committees with a majority of non-executive directors to ensure that they can perform their duties independently. According to Wu et al. (2016), the proportion of independent members in the RMC has a considerable and advantageous impact on the effectiveness of businesses. Similar to this, Kantudu and Samaila (2015) use a sample of Nigerian oil corporations to investigate the impact of corporate governance traits on financial reporting quality. Independent directors can lessen instances of profit management and manipulation, according to the study.

H4. There is a significant positive impact of RMC independence on market performance.

2.5 Overlap director

Members of the RMC who serve on two or more board committees, such as the risk management and audit committees, are said to have dual committee membership. Faleye, Hoitash, and Hoitash (2011) assert that independent and joint board members can improve performance by better understanding the company through the utilization of additional information. According to Hines, Masli, Mauldin, and Peters (2015), businesses that have directors serving on several board subcommittees produce accounting information of a higher caliber and pay less in audit fees. Coles, Daniel, and Naveen (2015) consistently offered empirical data on the effect of joint board membership on firm value. The study examines the topic of "whether overlap directors affect the firm value" using data from 1500 US-listed companies between 1996 and 2014. Their findings suggest that overlapped directors increase teamwork and have a favourable impact on company value in complicated organizations.

***H5.** There is a significant positive impact of overlap directors on market performance.*

2.6 Risk management committee diversity

According to prior studies, gender diversity in board committees has a number of advantages for overall governance processes. Female representation encourages open dialogue, which enhances the board's ability to monitor the situation overall. Research indicates that women generally resist aggressive profits management and excessive risk-taking and have a lower tolerance for opportunistic decision-making than men, in contrast to "group thinking," which is typical of male-dominated boards (Powell & Ansic, 1997; Dwyer et al., 2002). Finally, more gender diversity on the board conveys independence and openness to the company's stakeholders and the outside world (Rose, 2007; Lückerath & Rovers, 2013).

H6. There is a significant positive impact of RMC diversity on market performance.

2.7 Theoretical framework

The resource dependence theory was propounded to describe how organizations interact, but it may also be used to look at how firms are structured. Organizational governance, as used in this context, refers to the efficient corporate structures that could promote resource development. The board of directors, for example, contributes to the company through their knowledge and connections to other companies, and they also work to improve the firm's reputation and value. The board of directors has the potential to be an important source of social and human capital. Social capital, on the other hand, relates to assets like respectability and relationships with other businesses, whilst human capital refers to the director's advice and talents. These resources are referred to as the board capital. An association between board capital and company success and value has been found in prior studies (Dalton et al., 1998; Pfeffer 1972).

3.0 METHODOLOGY

Data for this study were obtained from the yearly financial reports of manufacturing firms listed on the Nigeria Exchange Group, using an ex-post facto research design. All sixty-four of the Manufacturing companies that were listed as of December 31, 2020, make up the study's population. However, the study included some criteria to narrow down the sample, requiring that the company has a separate RMC and has been listed within the study's time frame. Only 34 out of 64 firms remained after 30 companies were removed from the sample. The study adopts the post-positivist paradigm, which is best suited for quantitative studies, and Creswell (2010) recommended correlation research methodology. The

investigation lasted for eight years (2013-2020). This time frame was chosen because it coincided with the advent of IFRS and the strict regulatory requirements.

Model specification

The following model is presented for this study

$MP_{it} = \beta 0 + \beta 1 RMCS_{it} + \beta 2 RMCD_{it} + \beta 3 RMCE_{it} + \beta 4 RMCI_{it} + \beta 5\ OD_{it} + \beta 6 RMCG_{it} + \beta 7 FLEV + \varepsilon_{it}$ (7)…… … (1)

Where $\beta 0$ is constant for all firms over the period

MP_{it} = Market Performance

$RMCS_{it}$ = Risk Management Committee Size

$RMCD_{it}$ = Risk Management Committee Diligence

$RMCE_{it}$ = Risk Management Committee Expertise

$RMCI_{it}$=Risk Management Committee Independence

OD_{it}= Overlap director

RMCG = Risk management committee gender diversity

ε_{it} = Error term for all firms over the period

The variables under study were measured using measurements adapted from the literature, as displayed in Table 1.

Table 1: Variables

Variables	Acronym	Measurement	Sources
Market Performance	MP	Tobin's Q	(Yermack, 1996).
Risk management committee size	RMCS	Number of RMC members at financial year end	(Kakanda et al., 2018)
Risk management committee diligence	RMCD	Number of RMC meetings during the financial year	(Kakanda et al., 2018)
Risk management committee expertise	RMCE	Proportion of RMC members with accounting or finance qualification	(Kakanda et al., 2018)
Risk management committee independence	RMCI	Proportion of independent non-executive members on the RMC	(Yatim, 2009)
Overlap director	VLD	1 if there is a member who serves on both the RMC and the AC and 0 for otherwise	Tao, Hutchinson (2013)
Risk management committee gender diversity	RMCG	Absolute number of female members of the RMC	(Malik, 2017)

4.0 DISCUSSION AND IMPLICATIONS

Table 2 describes the characteristics of the data set, providing information regarding number of observations, standard deviation, mean, maximum and minimum values respectively. Market performance has maximum and minimum values of 9.2873 and .1241, a mean, and a standard deviation of 1.602389 and 1.431124, respectively. The average market performance over the course of this investigation was 16 percent, as shown by the mean value. The fluctuation of the firm market performance between the minimum and maximum value is represented by the standard deviation value of 1.431124. Because the standard deviation is less than the mean, the value of 1.602389 signifies a lower rate of deviation from the mean. While the market performance of some manufacturing firms is low, others witness steady growth in performance. RMCS has an average value of 4.778125 indicating that most manufacturing firms have an average of five directors as members of the RMC. The RMCD has a mean value of 3.115625 which implies that RMC held an average of three meetings in each financial year. RMCE has a mean value of .46225 which implies that only 46% of RMC members have accounting and finance knowledge. The RMCI has a mean value of .606 which implies that the composition of RMC in the manufacturing industry in Nigeria consists of significant members of non-executive directors. The overlap director has a Mean value of .6875, indicating that significant members of the RMC members serve on two or more board committees. Finally, the committee gender diversity has a mean value of .59375, indicating that there is a significant number of female members in the Risk management committees of manufacturing firms in Nigeria.

Table 2 Summary of descriptive statistics (n=320)

Variable	**Obs**	**Mean**	**Std. Dev.**	**Min**	**Max**
MP	320	1.602	1.431	.1241	9.2873
RMCS	320	4.778	2.221	3	8
RMCD	320	3.116	0.996	1	7
RMCE	320	0.462	0.193	0.2	1
RMCI	320	0.606	0.144	0.2	0.81
OLD	320	0.688	0.464	0	1
RMCG	320	0.59	0.611	0	2
FLEV	320	14.00	11.161	0.0011	57.4798

Source: Authors' computation using STATA14

Notes: MP= Market Performance; RMCS = Risk management committee size; RMCD = Risk management committee diligence; RMCE = Risk management committee expertise; RMCI= Risk management committee independence; OLD = Overlap directors; RMCG = Risk management committee gender diversity; FLEV= Financial leverage

Table 3 shows the Pearson correlation matrix and variance inflation factors of the dependent, independent and control variables of the manufacturing firms listed in Nigeria. The analysis measures the extent of relationship between the variables. A higher degree of relationship among the variables can result in a multicollinearity problem which will invalidate the basic econometric assumptions and validity of the findings of the study. RMC size, diligence, gender diversity and expertise are negatively correlated with market performance, while RMC independence and overlap directors maintain a positive correlation with market performance. Meanwhile, the control variable financial leverage is negatively correlated with market performance of listed manufacturing firms in Nigeria. The highest correlation in Table 3 is 0.1836 between OLD and RMC size. Furthermore, the variance inflation factor has a maximum value of 1.39. Thus, the data has no multicollinearity problems.

Table 4 presents the panel corrected standard errors analysis and other diagnostic tests conducted (Auto correlation, Heteroscedasticity and Normality). The Wooldridge and Breush-Pagan/cook-Weisberg tests are

Table 3. Pearson correlation matrix and multicollinearity test

	MP	**RMCS**	**RMCD**	**RMCE**	**RMCI**	**OLD**	**RMCG**	**FLEV**	**VIF**
MP	**1**	-0.2181	0.0471	0.0471	-0.1843	-0.3843	-0.0748	0.1418	1.39
RMCS		**1**	-0.1843	-0.1835	0.0404	0.1836	-0.0241	-0.1117	**1.22**
RMCD			**1**	-0.0398	-0.1515	-0.0640	-0.1182	0.0792	1.22
RMCE				**1**	0.0159	0.1667	-0.0544	-0.2639	**1.22**
RMCI					**1**	0.0399	-0.0110	-0.4254	**1.27**
OLD						**1**	-0.1284	0.0149	**1.14**
RMCG							**1**	-0.0041	**1.04**
FLEV								**1**	**1.39**
Mean VIF									**1.20**

Source: Authors' computation using STATA14

signs indicating that the data set has auto correlation and Heteroscedasticity problems. Thus, the adoption of the panel corrected standard errors regression analysis which takes care of auto correlation and Heteroscedasticity problems. The Shapiro wiki test for normality is significant indicating that the data is distributed normally.

The panel corrected standard errors regression analysis presented an R-squared of 0.2336 indicating the differential of the model which is an acceptable percentage. The RMC size has a negative coefficient (-0.1225893) indicating a negative relationship with market performance. The result is in tandem with the findings of (Kakanda et al, 2018). This implies that the higher the number of RMC members, the lower the market performance. Invariably, an increase in size results in the ineffectiveness of the committee and a decrease in the market performance of the manufacturing firms.

RMC diligence has a positive insignificant relationship with market performance. This result is in contrast with the findings of prior studies conducted in Nigeria in the Financial and insurance sectors (Kakanda et al, 2018 & Virginus et al., 2021). However, the result is in tandem with the findings of Boudiab & Ishak, 2020. Thus, indicating a difference between studies conducted in the non-financial sectors and financial sectors.

RMC expertise has a positive significant impact on the market performance of listed manufacturing firms in Nigeria, and the result is in tandem with prior studies (Kakanda et al, 2018; Salaudeen et al., 2018 & Ramlee & Ahmad, 2020) However some studies documented contrary findings (Fali, et al.,2020 & Boudiab & Ishak, 2020). This inconsistency may be a result of countries' peculiarities and proxies used in measuring performance.

RMC independence has a negative significant impact on market performance. The result conforms to the findings of prior studies (Kakanda et al, 2018 & Chukwujekwu, et al., 2020). This implies that a higher number of independent directors in the risk committee could affect the effectiveness of the committee in performing its oversight. In addition, overlapped directors have a negative significant impact on market performance. This implies that members who belong to two or more committees may be preoccupied with a lot of responsibilities and may find it challenging to effectively discharge duties in the risk committee.

Finally, RMC gender diversity has a negative significant impact on the market performance of listed manufacturing firms in Nigeria. The result is inconsistent with the findings reported by Chukwujekwu, et al. (2020). However, the study was conducted in the banking sector as it relates to financial performance while this study is

Table 4. Panel corrected standard error analysis and diagnostic test

Variables	Coefficient	Z-value	P-value
RMCS	-0.123	-4.64	0.000
RMCD	0.016	0.23	0.816
RMCE	1.026	4.76	0.000
RMCI	-1.130	4.76	0.006
OLD	-1.233	-10.68	0.000
RMCG	-0.283	-3.15	0.002
FLEV	0.016	1.80	0.072
No. of obs	320		
R squared	0.234		
Wild chi2 (7)	399.76		
Prob> chi2	0.0000		
Wooldridge Test (Auto correlation)	79.766		0.0000
Breush-Pagan/cook-Weisberg (Heteroscedasticity)	161.44		0.0000
Shapiro-wilk W (Normality)		10.158	0.00000

Source: Authors' computation using STATA14

Notes: MP= Market Performance; RMCS = Risk management committee size; RMCD = Risk management committee diligence; RMCE = Risk management committee expertise; RMCI= Risk management committee independence; OLD = Overlap directors; RMCG = Risk management committee gender diversity; FLEV= Financial leverage.

conducted in the manufacturing sector looking at the market measure of performance.

Table 5 presents further test conducted as a result of the presence of heteroscedasticity, and serial correlation in the dataset. According to Hoechle (2007) driscoll-kraay regression robustness takes care of endogenous issues such as cross-sectional and temporal dependence of the variables.

Table 5. Regression (Driscoll-kraay) standard errors

Variables	Coefficient	Z-value	P-value
RMCS	-0.1491	-4.28	0.004
RMCD	0.0260	0.20	0.847
RMCE	1.026	3.81	0.007
RMCI	-1.130	-1.55	0.166
OLD	-1.233	-7.01	0.000
RMCG	-0.282	-1.91	0.098
FLEV	.0157312	1.05	0.329
No. of obs	320		
R squared	0.234		
Wild chi2 (7)	481.04		
Prob> chi2	0.0000		
Wooldridge Test (Auto correlation)	79.766		0.000
Breush-Pagan/cook-Weisberg (Heteroscedasticity)	161.44		0.000
Shapiro-wilk W (Normality)		10.158	0.000

Source: Authors' computation using STATA14

Notes: MP= Market Performance; RMCS = Risk management committee size; RMCD = Risk management committee diligence; RMCE = Risk management committee expertise; RMCI= Risk management committee independence; OLD = Overlap directors; RMCG = Risk management committee gender diversity; FLEV= Financial leverage.

Table 5 result indicates that RMC expertise has a significant positive impact on market performance. In addition, RMC diligence has a positive insignificant impact on market performance. RMC independence has an insignificant negative impact on market performance. While other hypotheses variables (RMCS, OVLD, RMCG) have a significant negative impact on market performance of listed manufacturing firms with the exception of the control variable, financial leverage which has an insignificant positive impact on market performance. The findings corroborate with the findings of Table 4 (PCSEs) with a slight change as discussed in the earlier sections.

The study has some theoretical and policy Implications. The Resource dependency theory was utilized to underpin the study. This will provide a new dimension to validate the theory in this research area. This is a departure from prior studies that have utilized the agency theory. Furthermore, the study provides insight to regulators, shareholders and corporate managers on the importance of having a risk management committee with qualitative attributes. The composition of the committee should consist of members with accounting and finance knowledge. More so, corporate managers will understand how impactful is this committee to the growth and survival of the listed manufacturing firms in Nigeria.

5.0 CONCLUSION

Risk management is an integral part of modern business management. The importance of risk management cannot be over-emphasized. Risk management committee is responsible for the coordination and formulation of risk policy exposures, this committee is important for the growth and survival of the listed manufacturing firms in Nigeria. Such a committee must have quality attributes that will enhance productive deliberation and output that will translate into better financial and market performance of the firm. It is on this premise that the study was conducted to scientifically provide evidence on the impact of the qualitative attributes of the RMC on the growth and survival of manufacturing firms in Nigeria. Finally, the study scientifically established the significant impact of some qualitative attributes of RMC on firm value and recommend the entrenchment of these qualities in the code of corporate governance of listed firms in Nigeria.

The study considers the manufacturing sector, but the findings cannot be generalized across all the sectors. Future studies can utilize a more generalized data set of all listed firms. In addition, a moderating or mediating variable could be introduced in the expanded model.

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