

CORPORATE GOVERNANCE TRAITS AND CORPORATE RISK REPORTING OF LISTED NIGERIAN FINANCIAL SERVICES FIRMS

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Abstract

The study used an ex-post facto research design to determine the effect of corporate governance traits on the corporate risk reporting of Nigerian publicly traded financial services firms. The population of research was comprised of all fifty-two (52) publicly traded financial services companies in Nigeria as at October 2021. To sample thirty-nine (39) publicly traded financial services companies, a judgmental sampling approach was used. Secondary data was taken from annual reports and financial statements of selected Nigerian publicly traded financial services companies for five (5) fiscal years covering 2015–2019 and analyzed using multiple regression analysis. The findings demonstrate a favorable association between the size of the board of directors and corporate risk reporting by Nigerian financial businesses. While independent directors and board gender have no effect on the corporate risk reporting of Nigerian financial services companies. Board activity and profitability have an inverse relationship with corporate risk reporting of Nigerian financial firms. Finally, the research establishes a positive correlation between business size and financial services companies' corporate risk reporting in Nigeria. It is recommended that the regulatory bodies formulate laws relating to risk governance that will enhance corporate risk reporting in Nigeria. Also, the number of independent and female directors should be increased so as to have more influence on decisions that can increase risk reporting transparency.

Keywords: Board Size, Profitability, Board Activity, Board Independence, Firm Size.

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1. INTRODUCTION

The occurrence of different corporate scandals, like that of Enron, Lehman Brothers, AIG, and WorldCom, has made stakeholders, practitioners, and researchers develop an interest in corporate risk reporting. Financial information serves as a major key that contributes to good corporate governance (Moumen, Othman & Hussainey, 2015). Therefore, accounting information users are interested in requesting adequate risk-related reporting so as to be able to evaluate the extent of risk involved by business entities and how it is being controlled or managed (Cabedo & Tirado, 2004). The managers are vested with decision-making responsibilities. The agency problem arises between managers and owners because the information about corporate entities is well known to managers. Corporate information disclosure is important in reducing information asymmetry.

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Accounting authorities claim that owners used to have issues with firm management owing to a lack of knowledge and that risk information given in annual reports is underreported (Schrard & Elliot, 1998). This encourages accounting authorities throughout the globe to develop formal legislation and the new transparency and the company governance best practises that promote disclosure of business information risk. In their research, Linsley and Shrives (2000) claimed that corporate organisations are vulnerable to volatility and unpredictability. Despite management's best efforts to reduce organisational risk, investors are unaware of business risk and the information asymmetry issue between managers and owners (Linsley & Shrives, 2000).

Although research efforts have been made on the relationship between corporate governance features and firms' corporate risk reporting, the results are still contradictory and inconsistency. Most studies on risk reporting were found to have been carried out in developed countries, while the studies were rarely found in developing countries, particularly in Nigeria. It was found that most studies in Nigeria only concentrated on voluntary disclosure practises and their determinants instead of focusing on corporate risk reporting. Only known research on corporate risk reporting in Nigeria is that of Onoja and Agada (2015); Bako (2017); and Bello, Yusuf, and Nuhu (2019). The study of Onoja and Agada (2015) only reviewed literature on voluntary corporate risk reporting, while the study of Bako (2017) examined the influence of firms' attributes on corporate risk reporting of listed deposit money banks in Nigeria. Meanwhile, Bello, Yusuf, and Nuhu (2019) explored the effects of company features on risk management disclosures, but did not explore the effects of other aspects of corporate governance on corporate risk reporting. Furthermore, it was discovered that previous studies focused on publicly traded deposit money banks and insurance companies, but forgot to look at other companies in Nigerian publicly traded financial services industry. On this basis, this research aims to fill a gap in the current literature by looking at the influence of other essential areas of corporate governance on corporate risk reporting for all Nigerian listed financial services businesses. The purpose of this research is to see how board size, board independence, board activity and board diversity affect corporate risk reporting in Nigerian publicly listed financial services firms.

2. LITERATURE REVIEW

2.1 Conceptual Framework and Hypotheses Development

Six hypotheses that were subjected to statistical testing were developed in this section.

2.1.1 Board Size and Corporate Risk Reporting

Earlier research on the association between board size and corporate risk reporting has produced inconsistent results. Cheng and Courtenay (2006), for example, discovered no correlation between the

size of a board of directors and corporate risk reporting. According to Cheng and Jaggi (2000), increasing the size of the board of directors may aid in the elimination of information asymmetry and promote more transparency. Healy and Palepu (2001) validated these findings, stating that the size of a board has an influence on its control and may result in an increase in corporate risk reporting. According to agency theory, more managerial oversight in conjunction with larger boards of directors may have a significant impact on corporate risk reporting (Elzahar & Hussainey, 2012). According to the agency hypothesis, large boards are ineffectual at increasing business disclosures, but small boards are beneficial (Jensen & Meckling, 1976). Due to the inconsistency of previous studies' conclusions, this study formulated the hypothesis below:

H1: Board size is positively related to corporate risk reporting.

2.1.2 Board Independence and Corporate Risk Reporting

The board of directors is seen as the protector of the company and is critical to corporate governance, particularly in terms of decision-making and operational monitoring (Cheng & Courtenay, 2006). Often, transparent companies include a sizable number of independent directors on their boards of directors. Organizations with a high proportion of independent directors often save money on agency fees as a result of increased information exchange. Ho and Wong (2001) assert that agency theory does not necessitate all organisations to have a responsible and transparent board of directors. Independent directors, according to Abraham and Cox (2007), operate as agents of corporate governance competence because they are more likely to avoid regulatory conflicts and decrease regulatory participation in business disclosure. I intend to fulfil this obligation. The association between independent directors and corporate risk reporting was found to be uneven. Lopes and Rodrigues (2007) were unable to demonstrate a relationship between independent directors and risk reporting by companies, while Abraham and Cox (2007) and Elshandidy and Neri (2015) did. As a result of these findings, the following hypothesis was formed:

H2: Board independence has a positive significance with corporate risk reporting.

2.1.3 Board Activity and Corporate Risk Reporting

According to agency theory, board meetings have a big influence on risk reporting at companies. The frequency with which a board meets is critical because it may help mitigate the information asymmetry between managers and directors while also enhancing management supervision. 2014 (Dominguez and Gamez). According to Banghj and Plenborg (2008), board meetings and firm risk reporting are inextricably intertwined. On the other side, a research undertaken by Garca Sánchez, Rodriguez Domnguez, and

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Gallego lvarez (2011) revealed a negative association between board participation and company risk disclosure. Board meetings are critical components of corporate governance because they have a substantial impact on business risk reporting. As a result, the study formulates the following hypothesis:

H3: The significance relationship exists between board activity and corporate risk reporting.

2.1.4 Board Diversity and Corporate Risk Reporting

The appointment of women to corporate boards of directors has attracted public interest (Ellwood & Garcia-Lacalle, 2015). Women are expected to take an active role in the organization's management. According to agency theory, women's contributions are expected to add value to the board's performance due to their distinct perspectives on issues. According to agency theory, boards comprised of diverse genders can enhance board independence and managerial control (Jensen & Meckling, 1976; Cabedo & Tirado, 2004). According to Saggarr and Singh (2017), there is a positive correlation between board diversity and risk reporting. Unlike Bianco et al. (2011), Allini et al. (2014) discovered a negative correlation between gender diversity and corporate risk reporting. The hypothesis is as follows:

H4: Board diversity has significant influence on corporate risk reporting.

2.1.5 Control Variables

2.1.5.1 Firm Size and Corporate Risk Reporting

Earlier research examined the relationship between firm size and corporate risk reporting. According to Abraham and Cox (2007), large organisations' operations are more diversified and intricate, resulting in increased risk, which results in increased corporate risk reporting as appropriate information becomes available. Additionally, larger organisations are believed to have lower information preparation, auditing, and release costs, which encourages them to generate a greater volume of risk-related data (Muzahhem, 2011). As a result, information asymmetry establishes a link between business risk reporting and size. Amran, Bin, and Hassan (2009) discovered a statistically significant positive correlation between firm size and corporate risk disclosure; Ntim, Sarah, and Thomas (2010) discovered a statistically significant positive correlation between firm size and corporate risk disclosure (2013). As a consequence, we suggest the following hypothesis:

H5: The size of a company has a significant impact on how it reports risk.

2.1.5.2 Profitability and Corporate Risk Reporting

Managers of highly successful organisations, according to signalling theory, are ready to disclose adequate information to attract investors. Directors of highly successful organisations are ready to share more precise risk information with the market to demonstrate their expertise in risk management (Shrives & Linsley, 2003). 2003 (Shrives & Linsley). Alzead et al. (2013) and Deumes and Knechel (2008) shown a favourable association between risk disclosure and profitability in businesses. On the other hand, Alzead and Hussainey (2017) and Miihkinen (2012) revealed a negative connection. On the other hand, Al-Shammari (2014) and Konishi and Mohobbot (2007) found no statistically significant correlation between corporate risk reporting and profitability. As a consequence of these observations, the following hypothesis is developed:

H6: Profitability has significant influence on corporate risk reporting.

2.2 EMPIRICAL STUDIES

The study of Saggarr and Singh (2017) investigating the influence of governance on risk disclosure by listed companies in India. This survey analyzed 100 listed companies in India that do not belong to the banking sector. Researchers use automated text analysis to determine the level of risk reported by selected organizations and use some linear regression to characterize the company's board, concentration of ownership, and risk. We analyzed the relationship between the reports. The study found that while the size and gender diversity of the board of directors had a positive impact on the company's risk reporting, the concentration of ownership of the largest shareholder had a negligible impact on the company risk reporting. Negative impacts of identity report corporate risk.

In 2017, Seta and Setyaningrum carried out an assessment of the impact of corporate governance on the disclosure of risks by listed companies in Indonesia. In 2015, the study rated 365 listed companies on the Indonesian stock market. A multiple regression technique was used to examine the data and evaluate the hypotheses. In addition, the analysis showed a relationship between the company's risk reporting and ownership concentration. The investigation also found that government ownership, size of board of directors and risk management committees had a significant and positive impact on corporate risk reporting. Additionally, the study results indicate that foreign ownership, independent directors and commissioners, and gender diversity have little effect on corporate risk reporting.

Kurniawanto et al., (2017) evaluated the influence of corporate governance on non-financial firms in Indonesia that openly disclose business risks. Between 2011 and 2015, an intentional selection of 200 annual reports from non-financial listed firms on the Indonesian Stock Exchange was conducted. According to the research, the size of a company's board of directors has no influence on the manner in which risks are communicated. Meanwhile, the study's results suggest that both the number of

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independent board members and the organization's size have a substantial and favourable influence on corporate risk reporting.

Wachira (2019) examined the impact of corporate governance characteristics on risk disclosure by publicly traded companies in Kenya. In all, 48 publicly traded non-financial enterprises in Kenya were analysed. The researchers analysed the content of annual reports from 2010 to 2016 to determine the extent to which the firms they researched disclosed risk. Panel data analysis was used to determine the correlations between the study's variables. According to the results, the number of non-executive directors, ownership dispersion, international ownership, and female board presence all had a substantial and beneficial influence on the amount of corporate risk revealed by the organisations analysed. The degree to which non-financial listed firms report corporate risk in Kenya is influenced by their size and profitability, the research found.

In the United Kingdom, Bufarwa et al., (2020) examined the influence of corporate governance frameworks on financial risk disclosure. From 2011 to 2015, the research examined panel data from fifty (50) non-financial firms listed on the London Stock Exchange. We evaluated the association between corporate governance characteristics and financial risk reporting for a sample of corporations using multivariate regression techniques. The researchers used two-stage least squares and fixed effect estimators to assess the data's robustness. According to the study's findings, block ownership and gender diversity on boards of directors have a significant favourable effect on how firms disclose financial risk. The study's findings, on the other hand, suggested that board size had no influence on how firms evaluated financial risk.

Alshira et al., (2020) investigated the effect of family ownership on the link between director characteristics and corporate risk reporting norms in publicly traded non-financial enterprises in Jordan. From 2014 to 2017, 376 annual reports of Jordan's publicly traded non-financial enterprises were sampled. To test the hypotheses, the random effect model was used. According to the data, board competency and the amount to which company risk is reported have a substantial positive association. Additionally, data showed that CEO dualism had a deleterious effect on risk reporting by businesses. Additionally, the research discovered that the board of directors' size and meeting frequency had no influence on the level of risk disclosed by the firm. Finally, the research revealed that family ownership had an influence on how corporate risk reporting and the board of directors interacted.

Nkuutu et al. (2021) investigated the influence of board governance quality on the degree to which publicly traded financial businesses in Uganda adhere to corporate risk reporting requirements. The study was conducted in a cross-sectional fashion. The study analysed survey data as well as audited annual reports and financial statements from 83 publicly traded financial institutions in Uganda. Partial least square

structural equation modelling was used to analyse the data. According to the study's findings, board participation, independence, communication, and knowledge all had a significant impact on corporate risk reporting compliance. Additionally, the study discovered that the type of ownership, the size of the company, and the composition of the board of directors of Ugandan publicly traded financial institutions all correlate positively with corporate risk reporting compliance. On the other hand, corporate risk reporting compliance was found to have no significant relationship with industry type, branch count, or firm age.

3. METHODOLOGY

As a result of the phenomena that have already occurred in the study, ex-post facto research is used in this study. This study's population is comprised of the fifty-two (52) financial companies listed on the Nigerian stock exchange as of May 2021. The investigation focused on financial companies due to their prominence and contribution to Nigeria's economy. The sample size was determined using a judgmental sampling approach based on filter criteria. The filter criteria are as follows: (i) the company must have been listed for at least a year prior to 2015. (ii) As needed by the study, the firm must have consistent audited annual reports and accounts from December 2015 to December 2019 (5 years). According to the aforementioned criteria, thirty-nine (39) publicly traded financial firms in Nigeria as of May 10, 2021 have a complete annual report and account for the research period and so fulfil all of the requirements. As a result, the sample for this study is made up of thirty-nine (39) Nigerian publicly traded financial companies. Secondary data for measuring corporate risk reporting and corporate governance traits was extracted from the non-financial section of the annual report and accounts, while data for measuring control variables was extracted from the financial section of sampled listed financial firms in Nigeria for five (5) years, from 2015 to 2019. The obtained data was analysed using multiple regression analysis. According to Gujarati and Porter, a multicollinearity test was performed to ensure the results were reliable and to defend against spuriousness (2009).

3.1. Variables and their measurement

The characteristics of corporate governance have an effect on risk reporting (board size, board independence, board activity, and board diversity). Additionally, the research included control factors such as business size and profitability.

3.1.1 Dependent Variable

Corporate risk reporting serves as dependent variable. In accordance with the study of Ntim et. al. (2013), content analysis was used to calculate corporate risk reporting index. The CRR index, which is derived

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using a 32-item checklist is used to measure corporate risk reporting (Linsley & Shrides, 2000), (see Appendix). Following that, the formula:

$$\text{CRR index} = \frac{\text{Numbers of disclosed CRR}}{\text{Total CRR items expected to be disclosed}}$$

3.1.2 Independent Variables

The study's independent variables are board size, board independence, board activity, and board diversity.

Board Size: According to Saggar and Singh (2017), the total number of directors on the board is used to determine board size.

Board Independence: According to Wachira, 2019, independent directors as a percentage of the board of directors.

Board Activity: According to Saggar & Singh, 2017, the total number of meetings conducted by the board of directors throughout the calendar year.

Board Diversity: According to Salem et al., 2019, the proportion of women on the board of directors is used to calculate it.

Control Variables:

The study's control variables are the firm's size and profitability, which are measured as follows:

Firm Size: According to Wachira (2019), the natural logarithm of turnover is used to determine company size.

Profitability: The return on assets is used to calculate it (Saggar & Singh, 2017).

TABLE 1. SUMMARY OF VARIABLES MEASUREMENT

Variable	Measurement	Authority	Priori/Expectation
Corporate risk reporting (CRR)	Proportion of items disclosed by a firm to total expected items to be disclosed.	Wachira (2019)	
Board Size (BDSZE)	The board size is determined by the number of directors.	Saggar and Singh (2017)	+ve
Board Independence (BDIDP)	Ratio of number of independent directors in the board.	Wachira (2019); Saggar and Singh (2017)	+ve
Board Activity (BDATV)	The total number of board meetings conducted throughout the calendar year.	Saggar and Singh (2017)	+ve

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Board Diversity (BDDVST)	The ratio of female members on board.	Salem, Ayadi and Hussainey (2019)	+ve
Firm Size (FRMSZ)	Measured by natural logarithm of turnover.	Wachira (2019)	+ve
Profitability (PRFTB)	Measured by return on assets.	Saggar and Singh (2017)	+ve/-ve

Source: Author's Compilation, 2021.

3.2 Model Specification

The study modified the multiple regression model which is adopted from Wachira (2019). The adopted model is formulated as below:

$$CRR_{it} = \beta_0 + \beta_1 BDSZE_{it} + \beta_2 BDIDP_{it} + \beta_3 BDATV_{it} + \beta_4 BDDVST_{it} + \beta_5 FRMSZ_{it} + \beta_6 PRFTB_{it} + \epsilon_i$$

Where:

CRR_{it} = Corporate risk reporting index for the company in i year t

β_0 = Coefficient of the constant variable

BDSZE_{it} = Board size for the company in i year t

BDIDP_{it} = Board independence for the company in i year t

BDATV_{it} = Board activity for a company in i year t

BDDVST_{it} = Board diversity for a company in i year t

FRMSZ_{it} = Firm size for a company in i year t

PRFTB_{it} = Profitability for a company in i year t

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ = Regression coefficients of independent variables

ϵ_i = error term.

4. RESULTS

4.1 Descriptive Statistics

Table 2 summarises the dependent, explanatory, and control variables' minimum, maximum mean, and standard deviation values.

TABLE 2. SUMMARY OF DESCRIPTIVE STATISTICS

Variables	Mean	Std. Dev.	Maximum	Minimum	No. Obs.
CRR	0.8028846	0.0774467	0.9375	0.65625	195
BDSZE	10.25641	3.073984	19	4	195
BDIDP	0.1533965	0.0597623	0.375	0	195
BDATV	5.6	1.520987	11	4	195

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BDDVST	0.1960056	0.1227872	0.6	0	195
FRMSZ	7.142051	0.9165846	9.923553	5.724785	195
PRFTB	0.0286941	0.0600456	0.2584365	-0.2271495	195

Source: Output generated from STATA 13 Software.

The lowest and highest values for reporting business risk, according to Table 2, are 0.65625 and 0.9375, respectively, with an average of 0.8028846 and a standard deviation of 0.0774467. The lowest and maximum number of boards is 4, and the average is 10.25641, with a standard deviation of 3.073984. Additionally, the average and standard deviations of board independence are 0.1533965 and 0.0597623, respectively, with zero and 0.375 being the lowest and highest values. The average amount of activity on the board is 5.6, with a standard deviation of 1.520987. The highest and lowest values are 11 and 4, respectively. Variation on the board runs between 0.6 and 0, with an average of 0.1960056 and a standard deviation of 0.1227872. The firm has an average size of 7.142051 employees, a standard deviation of 0.9165846, and a range of 5.724785 to 9.923553. Finally, descriptive statistics indicate that the mean and standard deviation of profitability are 0.0286941 and 0.0600456, respectively, while the mean and standard deviation of revenue are 0.2271495 and 0.2584365, respectively.

4.2 Correlations Matrix

The correlation matrix is used to determine the strength and amplitude of the association between the variables under consideration. The correlation matrix in a research study depicts the relationship between dependent and independent factors, as well as the independent variables themselves. Too much correlation may lead to multicollinearity, which can lead to inaccurate conclusions and findings.

TABLE 3. CORRELATION MATRIX OF DEPENDENT AND EXPLANATORY VARIABLES

	CRR	BDSIZE	BDIDP	BDATV	BDDVST	FRMSZ	PRFTB
CRR	1						
BDSIZE	0.2973	1					
BDIDP	0.0001	-0.1064	1				
BDATV	0.0027	0.2723	0.0224	1			
BDDVST	0.1233	0.1364	-0.0409	0.2166	1		
FRMSZ	0.3575	0.5899	-0.0500	0.2258	0.2491	1	
PRFTB	-0.1453	-0.0873	-0.0474	-0.1109	-0.0719	0.0102	1

Source: Output generated from STATA 13 Software.

Each of the four independent variables, as well as the control variable firm size, are positively correlated with corporate risk reporting of sampled listed financial firms, whereas profitability is negatively correlated with corporate risk reporting. According to correlation research results, board size and company size had

the highest correlation of 0.5899. Until the when the correlation coefficient between independent variables is greater than or equal to 0.8 or 0.9, it should not be deemed detrimental (Judge, Griffiths, Hill, Luthepohl, & Lee, 1985).

4.3 Diagnostic Test

Multicollinearity was diagnosed to verify that the independent variables did not exhibit any multicollinearity.

4.3.1 Multicollinearity Test

When fitting a regression model, multicollinearity is a problem (Gujarati & Porter, 2009). Multicollinearity may be determined using a tolerance and variance inflation factor (VIF).

TABLE 4: RESULTS OF MULTICOLLINEARITY TEST

Variables	VIF	Tolerance
FRMSZ	1.62	0.615590
BDSZE	1.62	0.616434
BDATV	1.13	0.881994
BDDVST	1.11	0.903593
PRFTB	1.03	0.970063
BDIDP	1.02	0.980901
Mean VIF	1.6	

Source: Output generated from STATA 13 Software.

Table 4 indicates that the tolerance value for this study is in the range of 0.615590 to 0.980901, which is higher than the threshold value of 0.10. The greatest VIF score is 1.62, which is less than the 10 threshold value (Gujarati & Porter, 2009). Because all of the VIF values are less than 10, there is no evidence of multicollinearity among the variables in the research. As a result, multicollinearity does not appear to have a significant impact on the independent variables in this investigation, allowing for a standard interpretation of the regression coefficient.

4.4 Multiple Regression Analysis

The results of multiple regression analysis are presented in table 5.

TABLE 5. RESULTS OF MULTIPLE REGRESSION ANALYSIS

Model Summary			
No.of Observation		195	
F-statistic		6.61	
Prob. > F		0.0000	
R-square		0.1742	
Adj. R-squared		0.1478	
Variables	Coefficient	t-statistic	Sig.
BDSZE	0.0036169	1.70	0.091

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BDIDP	0.0364035	0.42	0.675
BDATV	-0.0066176	-1.84	0.067
BDDVST	0.0313546	0.71	0.477
FRMSZ	0.0247283	3.46	0.001
PRFTB	-0.1874285	-2.16	0.032
(Constant)	0.6198842	13.72	0.000

Source: Output generated using STATA 13 Software.
Note: Level of significance 1%, 5%, 10%

Table 5 summarises the findings of a multiple regression analysis. R^2 is 0.1742, and Adjusted R^2 is 0.1478, based on the findings of the multiple regression analysis shown in Table 5. The model's unobserved variables account for 85.22 percent of the adjusted R^2 of 14.78 percent, which represents the variation in corporate risk reporting. As shown in Table 5, the F value is 6.61, whereas the probability value is 0.000. The study's findings indicate that the Goodness Model of Fit exists, since the F-value exceeds 4.000, however the probability is less than 0.050. As a result, the regression model may be used to anticipate the relationship between corporate risk reporting and the examined corporate governance components.

5. DISCUSSIONS

According to Table 5, board size has 0.0036169 as positive coefficient and 0.091 as the p-value, both of which are less than the 10% significance level. The positive coefficient value suggests a statistically significant positive correlation exists between the number of directors on corporate board of Nigerian publicly traded financial companies and corporate risk reporting. The fact that bigger boards have a greater likelihood of having a diverse range of experience and knowledge promotes transparency. This study reaffirms the agency theory, which asserts that larger boards of directors with increased managerial oversight will improve corporate risk reporting (Saggar & Singh, 2017). This study's findings corroborate those of Seta and Setyaningrum (2017), as well as Saggar and Singh (2017), who discovered that the number of board members had an effect on corporate risk reporting. Meanwhile, the findings of Alshirah et al. (2020) and Kurniawanto et al. (2017), which indicated no statistically significant relationship between corporate governance and business risk reporting, contradict the findings of the research.

The coefficient value for the number of independent directors on the board of directors is 0.0364035, and the significance level is 0.675, which is larger than the 10% significance level. As a result, we find that the presence of independent directors on a board has no discernible influence on the way publicly traded financial firms in Nigeria report their risk. The result may also be justified by the absence of any legislation or rules in Nigeria governing independent directors' corporate risk reporting responsibilities. This research confirms Seta and Setyaningrum's (2017) result showed the association between independent directors

and corporate risk reporting is not statistically significant. The findings, however, contradict those of Kurniawanto et al. (2017), who identified positive link between independent directors and corporate risk reporting.

Table 5 shows that at the 10% level of significance, board activity (board meeting) has 0.0066176 as the negative coefficient and 0.067 as the p-value. Board activity adversely affects business risk reporting in Nigeria's publicly traded financial firms. As this study shows, a significant number of board meetings does not necessarily indicate a board's depth and breadth of activity, but rather that the board is operating in a managerial manner beyond its stated goal (Vafeas, 1999). Numerous academics have advocated for increased meeting frequency, yet it appears that Nigerian publicly traded financial organisations may not include strategic decision-making or corporate risk reporting regulations in their meeting agendas. This conclusion corroborates Garca Sánchez et al.'s (2011) finding of an inverse relationship between the frequency of board meetings and company risk reporting. These finding contrasts those of Nkuutu et al. (2021); Banghj and Plenborg (2008), who showed a positive correlation; and Alshirah et al. (2020), who discovered no correlation between board activity and firm risk reporting level.

Board diversity has a positive coefficient of 0.0313546 and a p-value of 0.477, indicating that it is significantly larger than the 10% threshold of significance. As a consequence, board diversity had no statistically significant influence on the degree of corporate risk reporting by the publicly listed financial businesses in Nigeria that were selected. This might be explained by the lack of female directors on the boards of directors of publicly listed financial businesses in Nigeria. This conclusion is consistent with Seta and Setyaningrum (2017) but contradicts Sagggar and Singh (2017), who showed a substantial positive relationship between board gender diversity and corporate risk reporting.

At the 1% level of significance, the findings indicate that company size is statistically significant as a control variable, with a coefficient of 0.0247283 and a p-value of 0.000. This indicates that a company's size has a positive effect on the level of corporate risk reporting by publicly traded financial institutions in Nigeria. This indicates that larger and more complicated companies have greater risks and, as a result, must disclose more information about those risks. Additionally, larger organisations are believed to suffer lower costs associated with data collection, auditing, and dissemination, which pushes them to generate more risk-related data (Muzahhem, 2011). The findings of this study complement other research that studied the influence of company size on corporate risk reporting and identified a high positive link between firm size and of corporate risk reporting (Kurniawanto et al., 2017; Wachira, 2019; Nkuutu et al., 2021).

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According to research of listed financial firms in Nigeria, profitability is negatively correlated with corporate risk reporting. It may be claimed that less profitable organisations reveal more business risks in order to defend their position and explain why they are less profitable. This finding is consistent with Miihkinen's (2012) finding that profitability and corporate risk reporting have a negative significant connection. Meanwhile, these findings contradict those of Wachira (2019), who established a positive relationship between corporate profitability and risk reporting.

6. CONCLUSIONS

The goal of this research is to determine the effect of corporate governance features (board size, independence, activity, and diversity) on the manner in which publicly traded Nigerian financial institutions report company risk. That was the case. According to the survey's findings, board size has a beneficial effect on corporate risk reporting. Of a Nigerian publicly traded financial corporation. Large boards of directors often contain a varied range of talents and experience, which promotes openness. Additionally, the data supports the assertion that corporate risk reporting by listed financial businesses in Nigeria is unaffected by board independence. This could be because the lower number of independent directors on the board serves as a constraint on taking decisions that could affect corporate risk reporting, or because independent directors' activities in connection with corporate risk reporting are not specifically regulated or guided in Nigeria. The study also suggests, based on the evidence gathered, that board activity has an adverse influence on corporate risk reporting by Nigeria's publicly traded financial businesses. This may imply that a high number of board meetings is not a reliable sign of the board's depth and breadth, but rather of the board's working in a management manner, surpassing its function (Vafeas, 1999). Additionally, it appears as though the boards of directors of sampled listed financial firms in Nigeria do not include strategic decision-making or even corporate risk reporting policies on their agendas. According to the study's findings, board diversity has no association with the degree to which listed financial companies in Nigeria disclose company risk. This might be due to the low representation of female directors on the boards of directors of publicly listed financial services companies in Nigeria. The study shows that firm size, as a control variable, has a strong positive connection with corporate risk reporting by Nigeria's publicly traded financial firms. This indicates that larger organisations tend to publish more risk-related information, and vice versa. Profitability, as a control variable, has an inverse influence on the corporate risk reporting of Nigerian listed financial companies. This demonstrates that less profitable businesses must reveal a higher level of business risk to justify their lower profitability. In light of the study's findings, it is recommended that Nigerian regulatory authorities develop risk governance

legislation and specify the corporate risk reporting responsibilities of independent directors. Additionally, research recommends that the number of female directors on the boards of publicly traded financial companies in Nigeria be expanded to enable them to have a significant impact on decisions that could improve risk reporting transparency. The study also recommends that corporate risk reporting practises should be included on the agenda of board meetings of Nigerian publicly traded financial firms. This research adds to the body of knowledge by providing an in-depth analysis and original conclusions about the influence of corporate governance features on corporate risk reporting by publicly listed financial companies in Nigeria. This analysis is confined to Nigerian publicly listed financial sector. As a consequence, the study's results are not generalizable, which is a flaw. Because the study focused only on publicly listed financial businesses in Nigeria, future research may be broadened to other industries.

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APPENDIX

1a. Corporate risk reporting checklists

Risk category	Risk factors
Operations risk	Customer satisfaction, Product development, efficiency and performance Sourcing Stock obsolescence and shrinkage Failure of products and services, Environmental Health and safety Brand name erosion
Strategic risk	Environmental scan, industry, business portfolio, competitors, Pricing, valuation, planning, life cycle, performance measurement, regulatory, Political and sovereign
Empowerment risk	Leadership and management, Outsourcing, performance incentives, Change readiness, communications
Integrity risk	Management and employee fraud, Illegal acts, Reputation, Integrity

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Information processing & technology risk	Access, Availability, Infrastructure
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Source: Linsley and Shrives (2000).

Descriptive statistics test

```
tabstat crr bdsze bdidp bdatv bddvst frmsz prftb, statistics( mean max min sd )
```

stats	crr	bdsze	bdidp	bdatv	bddvst	frmsz	prftb
mean	.8028846	10.25641	.1533965	5.6	.1960056	7.142051	.0286941
max	.9375	19	.375	11	.6	9.923553	.2584365
min	.65625	4	0	4	0	5.724785	-.2271495
sd	.0774467	3.073984	.0597623	1.520987	.1227872	.9165846	.0600456

Correlation test

```
correlate crr bdsze bdidp bdatv bddvst frmsz prftb  
(obs=195)
```

	crr	bdsze	bdidp	bdatv	bddvst	frmsz	prftb
crr	1.0000						
bdsze	0.2973	1.0000					
bdidp	0.0001	-0.1064	1.0000				
bdatv	0.0027	0.2723	0.0224	1.0000			
bddvst	0.1233	0.1364	-0.0409	0.2166	1.0000		
frmsz	0.3575	0.5899	-0.0500	0.2258	0.2491	1.0000	
prftb	-0.1453	-0.0873	-0.0474	-0.1109	-0.0719	0.0102	1.0000

Multicollinearity test

```
. estat vif
```

Variable	VIF	1/VIF
frmsz	1.62	0.615590
bdsze	1.62	0.616434
bdatv	1.13	0.881994
bddvst	1.11	0.903593
prftb	1.03	0.970063
bdidp	1.02	0.980901
Mean VIF	1.26	

Regression results

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```
regress crr bdsze bdidp bdatv bddvst frmsz prftb
```

Source	SS	df	MS	Number of obs =	195
Model	.202707067	6	.033784511	F(6, 188) =	6.61
Residual	.960904712	188	.005111195	Prob > F =	0.0000
Total	1.16361178	194	.005997999	R-squared =	0.1742
				Adj R-squared =	0.1478
				Root MSE =	.07149

crr	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
bdsze	.0036169	.0021267	1.70	0.091	-.0005785	.0078122
bdidp	.0364035	.0867203	0.42	0.675	-.1346663	.2074733
bdatv	-.0066176	.0035934	-1.84	0.067	-.0137061	.000471
bddvst	.0313546	.0439765	0.71	0.477	-.0553962	.1181054
frmsz	.0247283	.0071374	3.46	0.001	.0106486	.038808
prftb	-.1874285	.0867919	-2.16	0.032	-.3586397	-.0162174
_cons	.6198842	.0451763	13.72	0.000	.5307666	.7090018