Effect of Financial and Operational Risk Management Disclosures on Performance of Firms' in Nigeria and Ghana

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Abstract
This study empirically investigated the effect of Financial and Operational Risk Management Disclosures on Firm Performance in Nigeria and Ghana. In order to determine the relationship between financial and operational risk management disclosures and firms' performance, the study measured Financial Risk Management Disclosure (FRMD) and Operational Risk Management Disclosure (ORMD) using disclosure index adopted from Global Reporting Imitative while firms' performance on the other hand was represented by Return on Equity (ROE). Two hypotheses were formulated to guide the investigation and the statistical test of parameter estimates was conducted using panel regression model. The study employed Ex Post Facto design in our analysis. Secondary data used for the study were obtained from the Nigerian Stock Exchange Fact book, Ghanaian Stock Exchange Fact book and the Published Annual Financial Reports & Accounts of the entire firms quoted under ICT Sector, Oil & Gas Sector and Health Care Sector of NSE and GSE. The data used for the study spanned from 2012-2019. The findings generally indicated that Financial Risk Management Disclosure (FRMD) and Operational Risk Management Disclosure (ORMD) exerted significant and positive influence on Firms Performance (ROE) in Nigeria at 5% level of significance and also in Ghana at 5% significant level. Based on this, the study concludes that risk management disclosures positively improved firms' performance in both Nigeria and Ghana. The study suggests that firms should disclose more of these information in their annual reports concerning Financial Risk Management and Operational Risk Management for financial statement user's consumption; as there is a significant positive association between risk management disclosures and firm performance. The study contributed to knowledge by modifying existing models, introducing new variable and updating literature on the subject.

Keyword: *Financial Risk Management Disclosures, Operational Risk Management Disclosures, Firms Performance.*

1.0 Introduction

In recent years, the importance of risk management has been evidenced in the corporate sector. Risk management is important because effective risk management improves the company's performance by contributing to reduce fraud, managing potential threats, and more efficient use of resources. Taking and managing risk is the very essence of business survival and growth (Axelos Global Best Practice, 2014).

FRC (2014) noted that many firms still refuse to increase the disclosure of risk management information as they are unaware of the relationship between these disclosures and firms performance. These firms claim that such information would normally be commercially sensitive information that could jeopardize their business and economic condition. It is still unclear whether such wariness with regards to the negative impact of more risk management information disclosure among firms is valid. Hence, the controversy between investors and firms regarding voluntary risk management disclosure (VRMD) motivates the aim of this study, which is to examine the effects of risk management disclosure towards firm performance.

In Nigeria, risk management disclosure is regulated by Nigerian Code of Corporate Governance (NCCG) of 2018. The code recommended that there shall be adequate disclosure on firms' risk management based on financial risk (FR), strategic risk (SR), operational risk (OR), empowerment risk (ER) and technological risk (TR) in the corporate reporting. In Ghana, risk management disclosure is regulated by Ghanaian Code of Corporate Governance (GCCG) of 2010 which made similar recommendations with NCCG.

At international level, risk management disclosures have attracted considerable interest from a number of key stakeholders such as the United Nations Global Compact, the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TFCD) and European Commission Guidelines on Non-Financial Reporting

According to Okoye (2018), general information about firm risk management framework is not enough for investors to evaluate firms' risk level. Investors want more specific information about the key risks faced by firms (financial risk, operational risk, technological risk, empowerment risk and strategic risk) and how these key risks are being managed by the firms. As such, this study becomes a necessity.

In Sub Sahara Africa, attempts were made as follows; Yusuf (2016) found significant positive effect on financial risk management disclosures (FRMD) and firms' performance in Nigeria. Bokpin (2013) in Ghana found insignificant negative relation between strategic risk management disclosures (SRMD) and firms' value. This disagrees with the a priori expectation of Al-Hadi (2013) in Ghana who established that technological risk management disclosure (TRMD) is positively associated with firms' value. Chan (2015) found insignificant negative effect between the firms' empowerment risk management disclosure (ERMD) and firms' value in Sudan. This is not in tandem with the a priori expectation of Mokhtar and Mellett (2017) who found out that empowerment risk management disclosure (ERMD) is positively related to firms' performance in Egypt.

Wallace (2018) on the same note found significant positive effect between operational risk management disclosure (ORMD) and corporate performance in Nigeria. This also agrees with Yazid (2012) who found significant positive relation between operational risk management disclosure (ORMD) and firms' performance Libya.

The previous literatures in the Sub-Sahara Africa as shown above discussed risk management disclosures (RMDs) measured using FRMD, SRMD, TRMD, ERMD and ORMD independently which couldn't meet the expectations of the investors. In other developing nations and developed nations, it was noted that the relationship between risk management disclosures measured using (FRMD, SRMD, TRMD, ERMD and ORMD) and firms performance are still showing mixed results (Oliveira, Rodrigues and Craig, 2015; Deumes and Knechel 2016; Hashim and Koon 2016; Iatridis (2018), Raheman, Salleh, Afza and Chek 2014, etc). Furthermore the results were ambiguous to be generalized in the context of risk management disclosures (RMD) and its effect on corporate performance which requires further clarity.

It was also noted that firms believed that disclosing more risks information to stakeholders might actually jeopardize their value. In the case where such assumption is not established, there is therefore a need to conduct an empirical study to investigate the effect of RMDs towards firms' performance.

To achieve this purpose, the following hypotheses were formulated:

H_{01}: Financial Risk Management Disclosure has no significant effect on firms Performance

H_{02}: Operational Risk Management Disclosure has no significant effect on firms Performance

2.0 Review of Related Literature

2.1.1 Risk Management Disclosures

Reporting via annual accounts and reports by corporate entities is a means of disclosing their business activities including risk management practices. For this reason, annual reports of companies are a dependable medium for shareholders and other stakeholders to assess information on risk management regarding a company (Lang & Lundholm, 2017). Wong (2018) opines that risk management practices of companies particularly financial institutions are disclosed in their annual published accounts and reports, which (the reports) are subject to scrutiny by professional auditors and prepared in accordance with rules and regulations governing financial reports.

In addition, Holland (2018) opines that risk management disclosure is an information made available to shareholders and other stakeholders in the annual reports and accounts of companies in order to assess information on risk management regarding such company.

As cited in Omaliko, Nwadialor and Nweze (2020), the following are recommended by Nigerian Code of Corporate Governance (2018) as regard to RMD;

The Board should ensure the establishment of a risk management framework that:

- Defines the Company's risk policy, risk appetite and risk limits; and
- Identifies, assesses, monitors and manages key business risks to safeguard shareholders' investments and the Company's assets.
- Formally approve the risk management framework and ensure that it is communicated in simple and clear language to all employees.
- Ensure that the risk management framework is integrated into the day-to-day operations of the business and provide guidelines and standards for management of key risks.
- Articulate, implement and review the Company's internal control systems to strengthen the risk management framework.
- Conduct at least annually, or more often in companies with complex operations, a thorough risk assessment covering all aspects of the Company's business and ensure that mitigating strategies have been put in place to manage identified risks.
- Obtain and review relevant reports periodically to ensure the ongoing effectiveness of the Company's risk management framework.
- Ensure that the Company's risk management framework is disclosed in the annual report; and

- Ensure that the risk management function is headed by a member of senior management who is a professional with relevant qualifications, competence, objectivity and experience.

2.1.2 Firms Performance

Ofor, Omaliko and Okoli (2017) see financial performance as a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt (Omaliko, Okeke & Obiora, 2021)

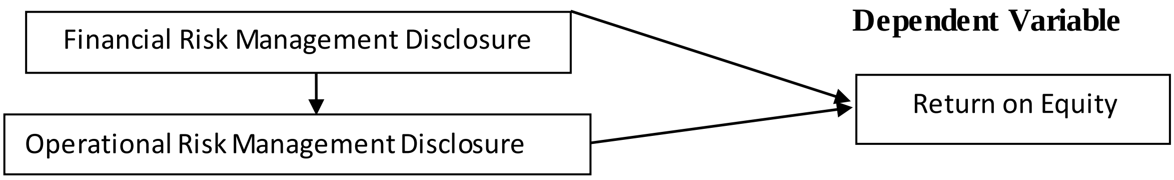
According to Erikie and Osagie (2017), as cited in Omaliko and Okpala (2020) financial Performance is the measuring of results of a firm's policies and operations in monetary terms. These results are reflected in the firm's return on investment, return on assets, value added, etc

Return on Assets and Return on Assets were used as a performance measurement in the prior expectations of Nnubia, Omaliko, Okechi and Etuka (2017), Omaliko, Nweze and Nwadialor (2020), Rouf (2016) etc. For the purpose of this study, Return on Equity (ROE) was used to measure financial performance. This was captured as Net Profit after Tax divided by Total Equity i.e (ROE) This is expressed mathematically as

$$ROE = \frac{NPAT}{\text{Total Equity}}$$

Figure 1: The Diagram of Conceptual Framework

Independent Variables



Source: Researcher's Concept (2021)

2.2 Theoretical Framework

2.2.1 Agency Theory

Agency theory was propounded in the year 1976 by Jensen and Meckling. The theory suggested on how the governance of a company is based on the conflicts of interest between the company's owners (shareholders), its managers and major providers of debt finance.

The theory views the firm as a nexus of contracts between various economic agents who act opportunistically within efficient markets. Management acts as the agent of the corporation while the shareholders are the owner (principal) of the corporation. Shareholders are always expecting the agents to act in the interest of the principal. Unfortunately, in circumstances the agents may act in their self-interest and falling short of congruence between the principal and agents.

Agency theory becomes a popular rationale for risk management disclosure since its emergence as an explanatory model for corporate reporting. The study is therefore anchored on Agency theory as the theory pointed out that risk management reporting helps to mitigate information asymmetry and reduce stakeholder conflicts between shareholders and management. Thus more of risk management disclosures are required to be made available in annual reporting of firms in order to bridge the understanding gap between the managers and shareholders i.e. preparers of financial statements and users of financial statements.

2.3 Empirical Review

Yusuf (2016) in his study on effect of non-financial disclosure on profitability of firms listed on industrial goods sector of NSE measured non-financial information using financial risk management (FRM) disclosure with dummy variables and explored the test tool of regression model and found significant positive effect between risk management (RM) disclosure and firms profitability proxy as ROE. The study however concludes that non-financial disclosures have exerted significant influence on firms' performance over the years.

This is also in agreement with the study of Oliveira, Rodrigues and Craig, (2015), who investigated the level of financial risk management disclosure in Australia and explored the statistical tool of logistic regression and found that risk management disclosure is closely related to firms profitability measured by ROE.

Nigerian non-financial reporting environment was empirically investigated by Wallace (2018) who used a sample of 47 companies quoted on Nigerian Stock Exchange as at 2016. Disclosure is treated as a dichotomous item, 1 for an item disclosed and 0 for those not disclosed. The scoring system is informed by its intensity. Two types of disclosure indexes are constructed, unweighted and weighted. Using OLS and variables of ORMD and ROE, the result of the analysis reveals that companies with high level of risk disclosure have higher performance than firms with low level of operating risk management disclosure.

Yazid (2012) examined determinants of enterprise risk management for public listed companies and its impact on profitability in Libya. The results using OLS show that for effective implementation of ERM a lot of resources are required and therefore large firm have enough of such resources. Similarly, negative association was found between firms' profitability and enterprise operating risk management disclosure (EORMD). The study also found out that larger multinationals were more likely to be involved in risk management than local firms.

Okoroafor (2011) in his study on effect of risk management disclosures on firms' performance in Nigeria used regression model and found that firms tend to believe the risk management disclosure may negatively affect FV. Given the continuously lack of established stand in the findings, the association between voluntary disclosure and FV remains an empirical issue that needs to be investigated.

Coller and Yohn (2017) investigated the relationship between corporate earnings and risk management disclosures; evidence from UK and Italy. The study used regression model and found that significant positive relationship between corporate earnings and risk management disclosures. Based on this, the study concludes that risk management disclosures have improved firms performance over the years.

Espinosa (2015) examined the relationship between risk management disclosures and corporate liquidity using a sample of Spanish listed firms. The study explored the test tool of multiple regression and found a positive relationship between disclosure and liquidity using Amihud (2012) illiquidity model.

Ayodele (2017) assessed the readability of risk disclosures by UK companies in their annual reports. Manual content analysis was performed and the Flesch Reading Ease Formula was used to calculate the readability scores of the selected firm sample's annual reports. The study recommended that adequate disclosure has to be made on corporate risk disclosures for investor's decision making

Olayinka (2016) conducted manual content analysis of selected Malaysian companies listed on the Bursa Malaysia in the year 2005 to examine the effect of risk disclosures on firms' performance measured by net assets per share (NAPS). Using OLS, the study found significant negative relation between the variables.

In disagreement, Victoria (2016) used content analysis in determining the extent of risk disclosures and its effect on firms value among the listed firms in Nigeria and found significant and positive effect.

Elzahar and Hussainey (2015) employed manual content analysis to analyse risk disclosures by UK companies in their interim reports and its impact on corporate value. The study used regression model and the outcome of the analysis revealed that corporate risk disclosures have significant positive effect on corporate value measured by net assets value

Masson (2012) on the same note performed manual content analysis on annual reports of Finland listed companies to investigate the impact of risk disclosure on corporate performance. The sample consisted of companies listed on the OMX Helisinki exchange in the years 2008 and 2011. Regression was performed and the finding was positive indicating that risk disclosures improve corporate performance measured by ROA

Ntim (2017) conducted manual content analysis and calculated corporate risk disclosure scores for companies listed on the Johannesburg Stock Exchange between the years 2002 to 2011 in order to observe the trend of risk reporting in South African companies before and after the 2008 financial crisis and its effect on performance. The sample for the study consisted of 50 non-financial companies from five non-finance industry sectors consisting of the 10 largest companies from each sector. Indices measuring quantity and quality of risk disclosures were developed and regression was carried and the outcome of the analysis was positive and significant.

Kravet and Muslu (2019), wrote a UNIX Perl code to analyse risk disclosures in 10-K filings. The measure of risk disclosures was number of sentences. The sample consisted of 15 firms. Regression was performed between the risk disclosure measure and the market trading variables to investigate the association between corporate risk disclosures and changes in stock market. The study revealed that risk disclosures determine corporate stock pricing.

Dominguez and Gamez (2015), in their study on effect of corporate risk disclosures on performance performed manual content analysis on annual reports of non-financial companies listed on the Madrid Stock Exchange in the years 2007, 2008, and 2009. An index of corporate risk disclosure was created and a regression model was carried out and the findings of the study revealed that there is a significant positive association between corporate risk disclosure and corporate performance measured by ROA

Chan (2015) in his study on effect of corporate risk management disclosure and firms value in Sudan performed manual content analysis on the corporate governance reports of companies quoted on the IBEX-35 index for the year 2009. A risk disclosure index was constructed and regression was performed and the findings of the study showed that corporate empowerment risk disclosures does not improve firms value captured using Tobin Q model

Al-Hadi (2013) also analysed annual reports of financial sector companies listed in the Ghanaian stock exchange companies between the years 2007-2011 for technological risk management disclosures and its implication on corporate performance. Regression model was used and the findings of the study revealed that there is a significant positive association between technological risk management disclosures and corporate performance measured by net assets per share (NAPS)

3.0 Methodology

This study adopts ex-post facto design. This was adopted based on the fact that our data is secondary data that exists already which cannot be manipulated or controlled. The population of the study consists of the entire 38 firms quoted under Oil and Gas Sector, ICT Sector and Health Care Sector of Nigerian Stock Exchange (NSE) and Ghanaian Stock Exchange (GSE) as at 2020 business list covering from 2012-2019. The use of quoted Oil and Gas Firms, ICT Firms and Health Care Firms on NSE and GSE could be justified based on availability and reliability of their financial data. Out of 38 firms that formed our sample size, 5 firms have empty financial information within the period under study (*MTN Nigeria Comm Plc, Airtel Africa Plc, Omatek Ventures Plc, Evans Medical Plc, and Nigerian German Chemical Plc*) which was removed. Based on this, a total of 33 firms formed our sample size with 264 observations.

Data generated was analyzed using panel regression model with the aid of STATA V. 15. The study adopted this technique in order to ascertain the effect of the risk management disclosures (FRMD & ORMD) on firms' performance which was measured using return on equity (ROE). Various robustness tests such as test for multi-collinearity between the independent variables were carried out to improve the validity of the results obtained.

3.1 Operationalization and Measurement of Variables

3.1.1 Dependent Variable

The dependent variable in this study is Firms' Performance and it was proxy and measured using Return on Equity. Return on Equity is captured as Net Profit after Tax (NPAT) measured by Total Equity

3.1.2 Independent Variable

The independent variables of Risk Management Disclosures were proxy using Financial Risk Management Disclosure (FRMD) and Operational Risk Management Disclosure (ORMD). These variables were measured using disclosure index adopted from the Global Reporting Initiative. A dichotomous procedure by (GRI) was applied in scoring the items whereby specifically, a "1-point" score was awarded for each item that is disclosed in the annual report and otherwise, a "0-point". Then, the sum of scores of all items was computed.

3.2 Model Specification

In line with the previous researches, the researcher adapted and modified the Models of Yusuf (2016) and Wallace (2018) into a model in determining the effect of risk management disclosures on firms' performance. This is shown below as thus:

Yusuf (2016): $\mathbf{ROE = \beta_0 + \beta_1\, FRMD + \mu}$ **---1**

Wallace (2018): $\mathbf{ROE = \beta_0 + \beta_1 ORMD + \mu}$ **--11**

The modified functional model is shown below as thus:

ROE = F (FRMD & ORMD) --III

The econometric form of the regression modified for the study is expressed as thus:

MODEL:

$\mathbf{ROE_{it} = \beta_0 + \beta_1 FRMD_{it} + \beta_2 ORMD_{it} + \mu}$ **---IV**

Where:

ROE = Return on Equity

FRMD = Financial Risk Management Disclosure

ORMD = Operational Risk Management Disclosure

4.0 Results and Discussion

This section presents the results from the analysis of data and its interpretation

Table 4.1.1: Descriptive Statistics of our Variables from Firms in Nigeria

	ROE	FRMD	ORMD
Mean	1.572323	4.757384	1.87234
Median	1.245678	3.145678	1.48734
Maximum	19.98374	5.00000	5.00000
Minimum	0.983746	0.00000	0.00000
Std. Dev.	63.98238	5.28973	1.98723
Observations	**264**	**264**	**264**

Source: Researcher's Computation (2020).

Table 4.1.1 helps to provide some insight into the nature of the selected quoted firms in Nigeria used in this study. First, it can be observed that on the average, in a 8-year period (2012-2019), the sampled firms in Nigeria were characterized by positive Return on Equity value ROE = 1.572323. This is an indication that most quoted firms in Nigeria have a positive Return on Equity. Similarly, a positive mean value of 4.757384 was also recorded for Financial Risk Management Disclosure (FRMD) with a standard deviation value of 5.28973. This indicates that firms under our observation extremely disclosed Financial Risk Management in their financial reporting. There is also a high variation in maximum and minimum values of FRMD which stood at 5.0000 and 0.0000 respectively. This wide variation in FRMD values among the sampled firms justifies the need for this study as the researcher assumes that firms with higher FRMD values are higher profit making firms than those firms with low FRMD values.

The average Operational Risk Management Disclosure (ORMD) for the sampled firms was 1.87234. Firms with ORMD of 1.87234 poorly disclosed this information in their financial reporting. There is also a high variation in maximum and minimum values of ORMD which stood at 5.0000 and 0.0000 respectively. This wide variation in ORMD values among the sampled firms justifies the need for this study as the researcher assumes that firms with higher ORMD values are higher profit making firms than those firms with low ORMD values.

4.1.2: Testing of Hypotheses Formulated for Quoted Firms.

In order to examine the impact relationships between the dependent variable ROE and the independent variables (FRMD & ORMD) and to also test the formulated hypotheses given, the study used a panel multiple regression analysis, using fixed and random effect regression analysis and ordinary least square regression analysis, owing to the fact that the data had both time series (2012-2019) and cross sectional properties (33 quoted firms under ICT sector, Oil & Gas Sector and Health Care Sector in Nigeria and Ghana). Random effect result is presented in table 4.1.3 and was used in the data analysis. Note that the rule is that the decision to interpret either fixed or random result will be determined by Hausman test.

Table 4.1.3: ROE Panel Random Effect Regression Result
Cross-sections included: 33
Total panel (balanced) observations: 264
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3090.034	2789.432	1.107765	0.0293
FRMD	0.637466	221.4511	5.978756	0.0389
ORMD	0.545344	1372.192	4.106789	0.0151
	Effects Specification			
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			4399.554	1.0000
	Weighted Statistics			
R-squared	0.753687	Mean dependent var		-252.9109
Adjusted R-squared	0.694989	S.D. dependent var		4354.187
S.E. of regression	4375.880	Sum squared resid		3.71E+09
F-statistic	4.606360	Durbin-Watson stat		2.045089
Prob(F-statistic)	0.050267			
	Unweighted Statistics			
R-squared	0.015387	Mean dependent var		-252.9109
Sum squared resid	3.71E+09	Durbin-Watson stat		2.045089

Source: Result Output (2020) from E-View 9.0.

In table 4.1.3, R-squared and its adjusted R-squared values were (0.75) and (0.69) respectively. This is an indication that all the independent variables jointly explain about 75% of the systematic variations in Return on Equity (ROE) of our sampled companies over the eight-year period (2012-2019) while 25% of the systematic variations are captured by the error term. The F-statistics 4.0606360 and its P-value of (0.05) portrays the fact that the ROE regression model is well specified.
Test of Autocorrelation: Using Durbin Watson (DW) statistics which the researcher obtained from her regression result in table 4.1.3, it is observed that DW statistic is 2.045089 which is approximately 2, agrees with the Durbin Watson rule of thumb. Showing that the data is free from auto-correlation problem. In addition to the above, the specific findings from each explanatory variable are provided as follows:

4.1.4 Test of Hypothesis One: Financial Risk Management Disclosure has no significant effect on Firms Performance

Financial Risk Management Disclosure (FRMD) AND Return on Equity (ROE), based on the t-value of 5.978 and P-value of 0.0389, in table 4.1.3 above, was found to have a positive influence on the sampled quoted companies Return on Equity (ROE) and this influence is statistically significant at 5% level of significance as the P-value is within 5% significant level. This result, therefore suggests that the researcher should reject our null hypothesis one ($H0_1$) which states that Financial Risk Management Disclosure (FRMD) does not have significant effect on Return on Equity (ROE), to accept the alternative hypothesis. This means that in Nigeria, Financial Risk Management Disclosure (FRMD) as a measure for Firms Risk Management Disclosure of a firm, has significant positive effect on firms Return on Equity (ROE).

This finding therefore support our a priori expectation as well as the findings of Yusuf (2016), Oliveira, Rodrigues and Craig, (2015), Ferguson (2016) etc who found significant positive association between financial risk management disclosures and firms performance

4.1.5 Test of Hypothesis Two: Operational Risk Management Disclosure has no significant effect on Firms Performance

Operational Risk Management Disclosure (ORMD) AND Return on Equity (ROE), based on the t-value of 4.106 and P-value of 0.0151, in table 4.1.3 above, was found to have a positive influence on the sampled quoted companies return on equity (ROE) and this influence is statistically significant at 5% level of significance as the P-value is within 5% significance level. This result, therefore suggests that we should reject our null hypothesis two ($H0_2$) which states that Operational Risk Management Disclosure (ORMD) does not have significant relationship with return on equity (ROE), to accept the alternative hypothesis. This means that in Nigeria, Operational Risk Management Disclosure (ORMD) drives return on equity of a firm significantly positive. Therefore, firms that want to record a sudden increase in their earnings or a steady increase in their earnings, above the expectation of the analysts should concentrate more in their operational risk management as this is a strong determinant of return on equity.

This finding therefore support our apriori expectation as well as the findings of Ferguson (2016), Wallace (2018) who found out that operational risk management disclosures have significant positive association with firms performance in China and Nigeria respectively.

5.1 Conclusion

Study having established a model fit on risk management disclosures (FRMD & ORMD) concludes that risk management disclosures have significant effect on firms' performance among the quoted firms in Nigeria and Ghana. This is to say that risk management of firms drive performance.

5.2: Recommendations

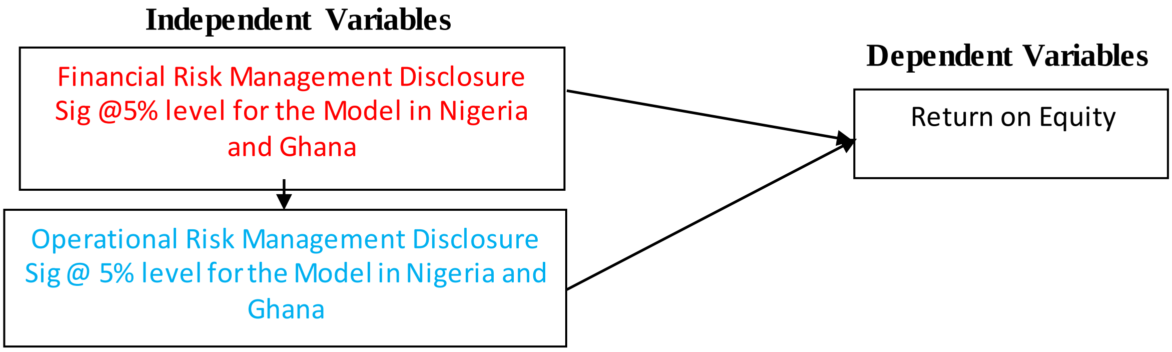
Based on findings of the study, the following recommendations are suggested:

1. Since the study shows that firms with effective financial risk management policies make higher profit, it was suggested that firms should disclose more of this information in their annual reports for financial statements users' consumption concerning their interest risk, exchange risk, commodity risk, credit risk and liquidity risk as the level of firms management of these risk determines firms' financial prospect.
2. The study established that the level of firms' operational risk management determines firms' earnings. Based on this, the study suggests the need for listed firms to disclose

more of quality operational risk management in its financial reporting as it ensures higher return and operational risk management is also crucial in competitive advantage and value creation. Firms would do well if they voluntarily disclose more information on its environment, health and safety, customer satisfaction, product development and efficiency in their reporting for financial statements users' consumption.

5.3: Contribution to knowledge

- **i.** The study contributed to knowledge by modifying existing models, introducing new variable and updating literature on the subject
- **ii.** The study also contributed to knowledge through the conceptual model developed and designed for the study. It is shown below as;



Source: Researcher's Concept (2021)

5.4: Implications of the Study

The implications of the study is that investors should peruse information disclosures on risk management (Financial Risk Management Disclosure and Operational Risk Management Disclosure) regarding their firms of interest in their investment decision making process since these disclosures have significant and positive effect on firms performance both in Nigeria and Ghana.

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