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

Okpala Ngozi Eugenia
Department of Accountancy
Nnamdi Azikiwe University,
Awka, Nigeria.

Ifurueze, M. (Ph.D)
Department of Accountancy
Chukwuemeka Odumegwu Ojukwu University,
Igbariam, Nigeria

Mrs Ofor. N (Ph.D)
Department of Accountancy
Chukwuemeka Odumegwu Ojukwu University,
Igbariam, Nigeria

Abstract
This study empirically investigated the effect of Risk Management Disclosures on Performance of Firms in Nigeria and Ghana. In order to determine the relationship between risk management disclosures (RMDs) and firms' performance, RMDs key proxy variables were used in the study, namely; Strategic Risk Management Disclosure (SRMD), Technological Risk Management Disclosures (TRMD) and Empowerment Risk Management Disclosure (ERMD) while firms' performance on the other hand was represented by Return on Equity (ROE). Three 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 Nigerian Stock Exchange and Ghanaian Stock Exchange. The data used for the study spanned from 2012-2019. The findings generally indicated that Strategic Risk Management Disclosure (SRMD), Technological Risk Management Disclosure (TRMD) and Empowerment Risk Management Disclosure (ERMD) exerted significant and positive influence on Firms Performance (ROE) in Nigeria and Ghana at 5% level of significance respectively. 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 Strategic Risk Management, Technological Risk Management and Empowerment Risk Management for financial statement users consumption; as there is a significant positive association between risk management disclosures and firm performance.

Keyword: *Strategic Risk Management Disclosures, Technological Risk Management Disclosures, Empowerment Risk Management Disclosures, Firms Performance.*

1.0 Introduction

Business environment is increasingly volatile and uncertain due to many factors. Studies found that risk management are the leading factors contributing to the volatility and uncertainties in today's business environment (Ernst and Young, 2014; Gjerald & Lyngstad, 2015). For example, many unexpected events that happened in a business environment were not always directly linked to financial issues. These events include tragedies such as natural disasters, wars, changes in regulation, instability in politics, changes in global consumer demand and many more, which subsequently affect the survival and sustainability of firms. However, information on non-financial risk management are given less emphasis and therefore less disclosure compared to the disclosure of financial risk management information (Lajili & Zeghal, 2017).

According to Cabedo and Tirado (2014), lack of risk management information may mislead investors in their investment decision-making process. Investors make their investment or disinvestment decisions by evaluating both the returns associated to a determined investment project and its risk level. If investors fail to identify actual key risk factors of firms, investors could not assess actual risk level of those firms. This would subsequently lead investors to make wrong investment decision which could end up in a huge loss or disaster to the investors.

Hence, scholars and regulators view risk management information as key to achieve high-quality corporate reporting (Institute of Chartered Accountants in England and Wales (ICAEW), 2017; Amir and Lev, 2016). Prior studies discovered that investors agree that the existence of more risk management disclosure would help them in their portfolio investment decisions which in turn could lead to a reduction in the risk of investing in the reporting firm (Orens & Lybaerts, 2017). As such, investors have requested firms to make improvements in reporting on risk management information especially non-financial risk information as it is still voluntary and a discretionary disclosure in many countries (Financial Reporting Council (FRC), 2014).

Some corporations in developing countries are becoming conscious of their international market and are creating appreciable effort on non-financial disclosures especially as regards to risk management practices. The result of sampled industries in Nigeria and Ghana shows that few companies disclose risk management information adequately in their financial reporting (Okafor 2017). However a large number of firms are still apathetic about the relevance and the usefulness of risk management disclosures for investors' decision making as they are unaware of the connection between risk management disclosures and firms' performance. Based on this observation, this study considered it imperative to examine the relationship between risk management disclosures and performance of firms in Nigeria and Ghana.

Several stakeholders have also expressed concerns over the need for non-financial information (NFI) to meet their expectations especially as regards to risk management disclosures and not much have been done in academic literature as regard to the usefulness and relevance of risk management disclosures for investors decision making. Owing to the investors' needs, those categories of risk management disclosures (SRMD, TRMD & ERMD) were combined to develop a model fit on Risk Management Disclosures ranging from *strategic risk management, technological risk management to empowerment risk management* as there is a gap in knowledge on the joint effect of these categories of RMDs on firms' performance and no specific study had addressed this gap in Sub-Sahara Africa. More importantly, previous studies discussed risk management disclosures in Sub-Sahara Africa countries independently and no specific study had covered 2 Sub-Sahara Africa countries especially as regard to Nigeria and Ghana where the present study is concentrating.

To achieve this purpose, the following hypotheses were formulated:

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

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

H_{03}: Empowerment Risk Management Disclosure has no significant effect on firms Performance

2.0 Review of Related Literature

2.1.1 Risk Management Disclosures

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 Practise, 2014).

According to Nigerian Code of Corporate Governance (2018), a sound framework for managing risk and ensuring an effective internal control system is essential for achieving the strategic objectives of the Company. The following are recommended by NCCG (2018) as regard to RMD;

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

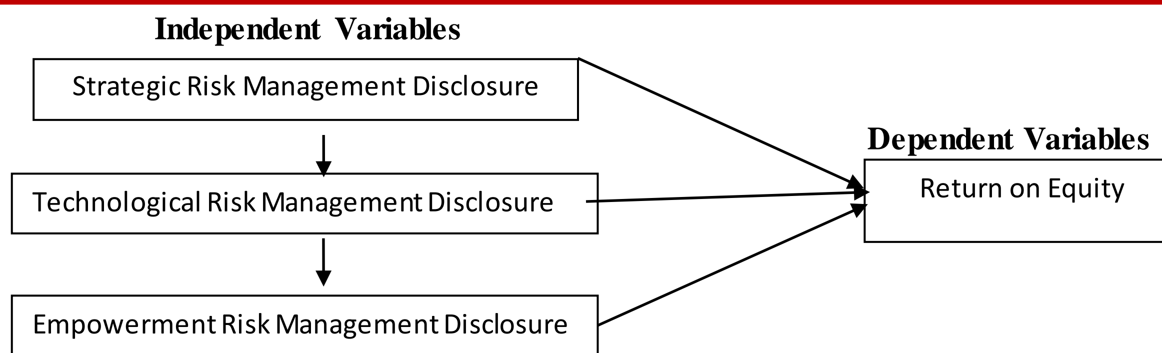
- Defines the Company's risk policy, risk appetite and risk limits; and
- Identifies, assesses, monitors and manages key business risks to safeguard shareholders' investments and the Company's assets.
- Formally approve the risk management framework and ensure that it is communicated in simple and clear 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

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Omaliko and Okpala, 2020).

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)

Figure 1: The Diagram of Conceptual Framework



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

The study by Ismail and Rahman, (2013) concluded that the overall score for RM disclosure among public listed companies in Bangladesh is 53%, demonstrating that there are rooms for improvement on the level of risk disclosure. The study explored simple regression model and however notes that risk management disclosures positively associates with firms performance.
Iatridis (2018) examines the disclosure of risk management in the financial statements of UK firms. The study also examines the financial attributes of firms that disclose key accounting issues such as risk exposure, changes in accounting policies, use of international financial reporting standards and hedging practices. Using regression model, the evidence reveals that firms that provide risk management disclosures appear to display higher size, growth, profitability and leverage measures. His findings also reveal that the implementation of international financial reporting standards promotes consistency and reliability of financial reports, enhances the quality and the comparability of financial statements and also facilitates companies raising capital internationally.
Ferguson (2016) also examined the impact of risk voluntary disclosure of former state owned enterprises in China listed at the Stock Exchange of Hong Kong on firms' performance. The study assesses the disclosure level of risk management using three independent variables namely strategic, financial and operational risk. Using regression model, the study found out

that overall disclosure scores are highly variable ranging from 0.03 to 0.44. Risk disclosure by type of information varies considerably. This is consistent with the studies of Meek (2015) who used OLS and found significant positive relation between risk management disclosures and firms performance measured by ROE in Hong Kong. It is discovered that these firms disclose significantly more strategic risk information and operational risk information than financial risk information

This in alignment with the study of Mokhtar and Mellett (2017) on the extent of voluntary empowerment risk management reporting and financial performance in annual reports of Egyptian companies. The study used regression model and conclude that role duality, board size and auditor size are the key determinants of empowerment risk reporting practice in Egypt and have significantly influenced firms' performance measured by ROA over the years.

This agrees with the study of Hashim and Koon (2016) who investigated on the effect of risk management disclosures on performance of listed Germany used the variable of risk management disclosure and ROA, the study also used OLS and found negative association between risk management and ROA. Based on this, the study concludes that non-financial disclosures have no effect on firms performance.

Golshan and Rasid (2012) investigated factors that lead to enterprise risk management adoption and its effect on firms' performance in France. The results of the regression show that there are factors to consider before making decision to implement ERM. The key factor identified in the study is firm size. Significant positive association was found between these actors and firms performance measured by ROE. The study suggested that by considering the firm size before adopting ERM there is higher chance that the ERM will be a success.

Staniee (2011) looked at the factors that determine the functioning of risk management systems and its implication on firms' performance in Nigeria. The results using regression show significant positive relationship between firms' performance and risk management system. The study pointed out that primary barrier to the proper functioning of risk management system in organizations among others is limited resources.

Lassar, Haar, Montalvo & Hulser (2010) on the other hand, examined the determinants of strategic risk management in emerging markets. The findings using GLS from the study shows that firms endowed with resources and networks were more likely to implement strategic risk management.

Hoyt and Liebenberg (2011) examined the relationship between ERM and firm value for public listed firms in Malaysia. Using regression model, the study found that the relationship between enterprise risk management and firms' value in Malaysia is positive and significant. The study used the variables of technological risk management disclosure (TRMD) and net assets per share (NAPS)

Raheman, Salleh, Afza and Chek (2014) on non-financial information disclosures and its Influence on Firms' Profitability in Malaysia used regression model and content analysis and measured non-financial information disclosure using intellectual capital disclosure and strategic risk management disclosure index and found out that intellectual capital information disclosure and risk management disclosure is positively and significantly related with firms profitability measured by ROA and ROE.

Lang and Lundholm (2017) examined corporate risk disclosure and its relationship to stock prices in China. The study explored the test tool of regression model and found evidence on positive relationship between firms' stock prices and corporate risk disclosure. The study also reveals that firms increase their disclosure activity over an extended period of time (six to nine months) in advance of seasoned equity offerings, consistent with managers using disclosure to decrease information asymmetry and increase offering proceeds.

Heflin (2012) on firms risk management disclosure and stock market liquidity. The study measured the stock market liquidity using two measures of liquidity; bidask spread and depth. Using OLS, the study found out that a firm with high quality of risk management disclosure enhanced its market liquidity through reducing information asymmetries across traders.

Recently, Zhang and Ding (2016) examined the relationship between risk management disclosures and firms value among the Chinese capital market. Regression model was used and the study found that disclosure level is negatively related to firms value measured using Tobin Q

This contradicts with the finding of Deumes and Knechel (2016) who investigated Risk Management Disclosure on firms performance in Germany using simple regression, the study found that risk management disclosure level are too brief, vague and not sufficient for the stakeholders to make investment decision. The study concludes that RMD has no significant effect on firms' performance proxy as RONW.

Ghasim, Osmani and Abbasi (2017) studied the relationship between the firm's performance and the level of risk disclosure among the listed firms in Tehran Stock Exchange. The sample is 12 companies listed in Tehran Stock Exchange. The results using regression model showed that there is no significant relationship between the level of risk information disclosure and firms performance measured by ROE.

Omaliko, Nwadialor and Nweze (2020) in their study on effect of non-financial disclosures on performance of non-financial firms found a significant and positive relationship between risk management disclosures and firms performance.

The study of Wong (2018) examined empirically the determinants of voluntary risk disclosure in the annual reports of Chinese listed firms that issue both domestic and foreign shares. The results using regression model indicated that the level of voluntary risk disclosure is positively related to the proportion of state ownership, foreign ownership, firm performance measured by return on equity, and reputation of the engaged auditor. However, there is no evidence, however, that companies benefit from extensive voluntary risk disclosure by having a lower cost of debt capital.

Haniffa and Cooke (2012) examined the relationships between the extent of voluntary risk disclosure in the annual reports of a sample of Malaysian companies and its effect on firms performance. A total of 65 items were selected and an unweighted disclosure index was used in the study. The findings using regression model indicated a significant association between the voluntary risk disclosures and firms performance. In addition, one cultural factor (proportion of Malay directors on the board), was found to be significantly associated with the extent of voluntary risk disclosure.

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 (SERM, ERMD & 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 as used by Omaliko, Nweze and Nwadialor (2020).

3.1.2 Independent Variable

The independent variables of Risk Management Disclosures were proxy using Strategic Risk Management Disclosure (SRMD), Technological Risk Management Disclosure (TRMD) and Empowerment Risk Management Disclosure (ERMD). 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 Mokhtar and Mellett (2017) and Raheman, Salleh, Afza and Chek (2014) into a model in determining the effect of risk management disclosures on firms' performance. This is shown below as thus:

Mokhtar and Mellet (2017): $\mathbf{ROA = \beta_0 + \beta_1 ERMD + \mu}$ -- **1**

Raheman, Salleh, Afza and Chek (2014): $\mathbf{ROE, ROA = \beta_0 + \beta_1 SRMD + \mu}$ -------------------**1I**

The modified functional model is shown below as thus:

ROE = F (ERMD, SRMD & TRMD) -- III

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

MODEL:

$\mathbf{ROE_{it} = \beta_0 + \beta_1 ERMD_{it} + \beta_2 SRMD_{it} + \beta_3 TRMD_{it} + \mu}$ -- **IV**

Where:

ROE = Return on Equity
ROA = Return on Assets
ERMD = Empowerment Risk Management Disclosure
SRMD = Strategic Risk Management Disclosure
TRMD = Technological Risk Management Disclosure

4.1 Data Analysis

Table 4.1.1: Descriptive Statistics of our Variables from Firms

	ROE	SRMD	TRMD	ERMD
Mean	1.545300	3.257400	3.209874	2.09872
Median	1.084537	3.126655	2.908769	2.05433
Maximum	2.09873	5.00000	5.00000	5.00000
Minimum	0.95783	0.00000	0.00000	0.00000
Std. Dev.	7.09872	3.09827	5.09387	1.09837
Observations	264	264	264	264

Source: Researcher's Computation (2021).

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 an 8-year period (2012-2019), the sampled firms in Nigeria and Ghana were characterized by positive Return on Equity value ROE = 1.545300. This is an indication that most quoted firms in Nigeria have a positive Return on Equity. Similarly, a positive mean value of 3.257400 was also recorded for Strategic Risk Management Disclosure (SRMD) with a standard deviation value of 3.09827. This indicates that firms under our observation moderately disclosed Strategic Risk Management in their financial reporting. There is also a high variation in maximum and minimum values of SRMD which stood at 5.0000 and 0.0000 respectively. This wide variation in SRMD values among the sampled firms justifies the need for this study as the researcher assumes that firms with higher SRMD values are higher profit making firms than those firms with low SRMD values.
For the case of Technological Risk Management Disclosure (TRMD), the average TRMD for the sampled firms was 3.209874 with a standard deviation value of 5.09387. This means that firms with TRMD values of 3.209874 moderately disclosed this information in their annual reports. There is also a high variation in maximum and minimum values of TRMD which stood at 5.0000 and 0.0000 respectively. This wide variation in TRMD values among the sampled firms justifies the need for this study as the researcher assumes that firms with higher TRMD values are higher profit making firms than those firms with low TRMD values.
The average Empowerment Risk Management Disclosure (ERMD) for the sampled firms was 2.09872. This means that firms with ERMD values of 2.098772 moderately disclosed this information in their annual reports. There is also a high variation in maximum and minimum values of ERMD which stood at 5.0000 and 0.0000 respectively. This wide variation in ERMD values among the sampled firms justifies the need for this study as the researcher assumes that firms with higher ERMD values are higher profit making firms than those firms with low ERMD 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 (SRMD, TRMD and ERMD) 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	5.4118	0.4032	1.275546	0.0036
ERMD	0.0239	0.7640	1.570685	0.0179
SRMD	0.8820	3.2702	3.853209	0.0002

TRMD	0.9816	7.1286	0.759277	0.0486
	Effects Specification			
			S.D.	Rho
Cross-section random			32.46081	0.0462
Idiosyncratic random			147.5620	0.9538
	Weighted Statistics			
R-squared	0.710510	Mean dependent var		-0.985831
Adjusted R-squared	0.677327	S.D. dependent var		153.8346
S.E. of regression	147.7672	Sum squared resid		4236019.
F-statistic	4.335538	Durbin-Watson stat		2.014728
Prob(F-statistic)	0.000920			

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

In table 4.1.3, R-squared and its adjusted R-squared values were (0.71) and (0.68) respectively. This is an indication that all the independent variables jointly explain about 71% of the systematic variations in Return on Equity (ROE) of our sampled companies over the eight-year period (2012-2019) while 29% of the systematic variations are captured by the error term. The F-statistics 4.335538 and its P-value of (0.00) 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 2.014728 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: Strategic Risk Management Disclosure has no significant effect on Firms Performance

Strategic Risk Management Disclosure (SRMD) and Return on Equity (ROE), based on the t-value of 3.853209 and P-value of 0.0002, in table 4.1.3above, was found to have a positive influence on our sampled quoted companies return on equity (ROE) and this influence is statistically significant at 1% since its P-value is within 0.0% significance level. This result, therefore suggests that the researcher rejects null hypothesis one ($H0_1$) which states that strategic risk management disclosure has no significantly relationship with return on equity, to accept the alternative hypothesis. This means that in Nigeria and Ghana, strategic risk management drives earnings of a firm significantly positive. This result agrees with our aprori expectation of Raheman, Salleh, Afza and Chek (2014) who found significant and positive relationship between strategic risk management disclosures and firms performance in Malaysia. This is not in tandem with the findings of Bokpin (2013) who reported positive and insignificant relationship between the variables.

4.1.5 Test of hypothesis two: Technological Risk Management Disclosure (TRMD) does not have a significant influence on firms performance.

Technological Risk Management Disclosure (TRMD and Return on Equity(ROE), based on the t-value of 0.759277 and P-value of 0.0486, in table 4.1.3 above, was found to have a positive influence on our sampled quoted companies return on equity (ROE) although this influence is statistically significant since its P-value is less than 5% significant level. This result, therefore suggests that I reject the null hypothesis two ($H0_2$) which states that

technological risk management disclosure does not significantly influence return on equity. We therefore accepted the alternative hypothesis. This means that in Nigeria, technological risk management determines whether the firm will record higher return on equity or not as the influences is statistically significant. This result negates our aprori expectation in the first result. This result is also in line with the result of Hoyt and Liebenberg (2011), Al-Hadi (2013) whose studies reported positive and significant relationship between technological risk management disclosures and firms performance.

4.1.6 Test of Hypothesis Three: Empowerment Risk Management Disclosure has no significant effect on Firms Performance

Empowerment Risk Management Disclosure (ERMD) and Return on Equity (ROE), based on the t-value of 1.570685 and P-value of 0.0179, in table 4.3.2 above, was found to have a positive influence on the sampled quoted companies return on equity (ROE) and this influence is statistically significant since its P-value is within 5% significance level. This result, therefore suggests that the researcher rejects hypothesis three ($H0_3$) which states that empowerment risk management disclosure does not significantly influence earnings surprise, to accept the alternative hypothesis. This means that in Nigeria and Ghana, empowerment risk management disclosure drives return on equity of a firm significantly positive. In other words, management that what to record higher return on equity should have a closer observation to their empowerment risk management process.
This result agrees with our aprori expectation of Mokhtar and Mellett (2017), Yazid (2012) who found positive and significant relationship between empowerment risk management disclosure and firms performance in Egypt and Libya respectively.

5.1 Conclusion

Study having established a model fit on risk management disclosures (SRMD, TRMD & ERMD) 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

1. The study found that strategic risk management disclosure has a significant influence on firms' returns on equity, thus, the study recommends that firms should continue to improve on their voluntary disclosure on strategic risk management disclosure in their reporting based on competitors, business portfolio, pricing, life cycle and planning as these disclosures are essential for investors' decision making.
2. The study established a positive association between technological risk management disclosures and firm performance. Based on this, the study suggests that firms should have positive disposition towards technological risk management and also disclose more of this information in their annual reports as the level of this information disclosure has influenced firms performance over the years.
3. The study also established that firms with effective empowerment risk management make higher profit. Thus the study recommends that firms should continue to improve on its voluntary disclosure on empowerment risk management in their reporting based on leadership & management, outsourcing, performance incentive, change readiness and communication as these disclosures are essential for investors' decision making.

References

Al-Akra, C., & Ali, C. G. (2012). Effect of voluntary risk disclosure on firms value. *Management and Marketing-Craiova, 1*, 125-131.

Al-Hadi, M. I. (2013). Risk governance and performance: a developing country perspective. *Managerial Auditing Journal*, *31*(3), 250-268.

Amir, A., & Lev, C. (2016). Risk disclosures and firm performance in developed countries: evidence from US. *Corporate Governance*, *16*(2), 420-436.

Axelos Global Best Practice (2014). *Risk Management Disclosures*

Bokpin, M. C. (2013). The challenge of risk reporting: regulatory and corporate responses and its effect on firms value. *Australian Accounting Review*, *13*(31), 36-51.

Cabedo, G., & Tirado. F. (2014). The challenge of risk reporting: regulatory and corporate responses. *Australian Accounting Review*, *13*(31), 36-51.

Chan, R. A. (2015). Corporate risk management disclosure and firms value, *African Journal of Law and Criminology, 3*(1), 83-109.

Deumes, T., & Knechel, D. (2016). Effect of Risk Management Disclosure on firms performance in Germany, *Journal of Empirical Literature, 7*(1), 39–56.

Ernest and Young. (2014). Risk management disclosures

Ferguson, M. (2016). Voluntary disclosure by state owned enterprises listed on the stock exchange of Hong Kong, *Journal of International Financial Management and Accounting, 13* (2), 125-152.

Financial reporting council. (2014). Risk management reporting

Ghasim, B., Osmani, L., & Abbasi, U. (2017). The relationship between the firm's performance and the level of risk disclosure among the listed firms in Tehran Stock Exchange, *Tourism Management, 42*, 342-351.

Gjerald, B., & Lyngstad, M. (2015). The effects of board composition and direct incentives on firm performance. *Financial Management, 20*(4), 101-112.

Golshan, M., & Rasid, C. R. (2012). Firm performance and enterprise risk management adoption. *Journal of Financial and Quantitative Analysis, 31*(103), 377-397.

Hammer, L., & Champy, U. (2013). The challenge of empowerment risk reporting: regulatory and corporate responses. *Australian Accounting Review*, *13*(31), 36-51.

Hashim, O., & Koon, C. (2016). Risk management disclosures on financial performance of firms in Germany, *Journal of Finance, 2*(3), 13-17.

Heflin, S. B. (2012). Firms risk management disclosure and stock market liquidity. *Research Journal of Finance and Accounting, 5*(7), 144-152.

Hoyt and Liebenberg (2011).The Value of Enterprise Risk Management: Evidence from the U.SInsuranceIndustry.Http://www.risknet.de/typo3conf/ext/bx_elibrary accessed on 3/1/2012.

Iatridis, G. (2018). Accounting disclosure and firms' financial attributes: evidence from the UK stock market. *International Review of Financial Analysis, 17*(2), 219-241.

ICAEW (2017). *Reporting business risks: meeting expectations*. London: Institute of Chartered Accountants of England and Wales.

Ismail, R., & Rahman, R. A. (2013). Effect of non financial disclosures on performance of financial service firms listed in Bangladesh. *Journal of Business Administration and Management Sciences Research*, *2*(7), 172–177.

Jensen, M. C & W.H. Meckling (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure, *Journal of Financial Economics, 3, 305-360*

Lajili, R., & Zehgal, S. (2017). Corporate governance, risk management disclosure, and firm performance in Canada: a theoretical and empirical review perspective. *Asian Economic and Financial Review*, *7*(9), 836-845.

Lang, S., & Lundholm, A. (2017). Corporate risk disclosure and its relationship to stock prices.in China, *Journal of Accounting and Financial Management, 2, 55-63*

Lassar, N., Haar, B., Montalvo, B., & Hulser, N. (2010). The determinants of strategic risk management in emerging markets, *Economic Journal, 5*, 118-132.

Miihkinen, J. D. (2013). Effect of risk disclosures on firms performance in Malaysia. *Academy of Management Journal, 44*(4), 639-660.

Mokhtar, P., & Mellett, I. (2017). The extent of mandatory and voluntary risk management reporting and financial performance in annual reporting of Egyptian companies, *Journal of Risk Management in Financial Institutions, 3*(2), 116-123.

NCCG (2018). Nigerian code of corporate governance.

Omaliko, E., & Nwadialor, E., & Nweze, A. (2020). Effect of non-financial disclosures on performance of non financial firms in Nigeria. *Journal of Accounting and Financial Management, 6*(1), 16-39

Omaliko, E., & Nweze, A., & Nwadialor, E. (2020). Effect of social and environmental disclosures on performance of non financial firms in Nigeria. *Journal of Accounting and Financial Management, 6*(1), 40-58

Omaliko, E., & Okpala, N. (2020). Effect of financing mix on financial performance of health care firms in Nigeria. *IIARD International Journal of Banking and Finance Research, 6*(3), 63-77

Omaliko, E., Okeke, P., Obiora, F. (2021). Impact of covid-19 pandemic on liquidity and profitability of firms in Nigeria. *International Journal of Academic Research in Business and Social Sciences, 11*(3), 1331-1344

Orens, R. & Lybaert, N. (2017), "Does the financial analysts' usage of non-financial information influence the analysts' forecast accuracy? Some evidence from the Belgian sell-side financial analyst", *The International Journal of Accounting, 42*(3), 237-271

Staniee, I. R. (2011). Effect of risk management disclosures on firms' performance: The Nigerian experience. *European Journal of Economics, Finance and Administrative Sciences*, *10*, 233-243.

Wong, S. P. (2018). The determinants of voluntary risk disclosure in the annual reports of Chinese listed firms, *Journal of Financial Economies, 4*(7), *32-45*

Yazid, A. (2012). Determinants of enterprise risk management for public listed companies and its impact on profitability in Libya. *Journal of Asian Business Strategy, 5*(6), 109-115.

Zhang, K., & Dang, M. (2016). The relationship between risk management disclosures and firms value among the Chinese capital market. *Journal of Economic and Administrative Sciences, 23*(2), 71-93.

Acknowledgement

Professor Ifurueze, M and Dr (Mrs). Ofor, N are highly acknowledged and appreciated for their positive contribution in seeing this research through. Secondly, all the staff of Accountancy department of Chukwuemeka Odumegwu Ojukwu University are highly appreciated too for their earnest contribution in this work.