Risk Committee Attributes, Financial Leverage, and Firm Value of Listed Manufacturing Firms in Nigeria

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ABSTRACT

The Nigerian business environment is characterized by inconsistent policies, bureaucratic hurdles, regulatory compliance challenges, uncertainty surrounding the foreign exchange market, tax regimes, energy costs, rising raw material prices, and restrictive trade regulations. These factors hinder investment, innovation, and growth initiatives among manufacturing firms. The research investigates how financial leverage influences the connection between the attributes of risk management committees (RMCs) and the value of listed manufacturing companies in Nigeria. A correlational research approach was adopted. The sample includes forty (40) manufacturing companies from five (5) different sectors that are registered on the Nigerian Exchange Group (NGX). Data were collected from the annual financial statements of the firms, covering an eight-year timeframe from 2015 to 2022. The hypotheses were tested using the multiple regression method. The results from the Panel Corrected Standard Errors (PCSEs) estimates indicate that the expertise of the RMC positively affects firm value in a significant way. Moreover, the attributes of RMC such as size, independence, gender diversity, and overlapping directors negatively and significantly influence firm value, whereas the diligence of RMC has a positive but not statistically significant effect on firm value. Additionally, when interacting with the moderating variable of financial leverage, RMC diligence, independence, and overlapping directors positively and significantly affect firm value. The results of this research provide significant insights for those overseeing corporate governance (CG) code reforms in Nigeria to review and strengthen the existing risk management committee codes where necessary. More so, this study recommends that the Financial Reporting Council of Nigeria (FRCN) should ensure that the risk management committee consists of members with diverse backgrounds and expertise in risk management. The firm's management should aim for an optimal balance between debt and equity financing based on its risk appetite and ability to meet debt obligations. In addition, the RMC of the firm should establish key performance indicators to assess the level of its risk management efforts. Finally, the firm's management should strive to foster collaboration and communication between the risk committee and the top management of the firm. between Halal tourism concepts and hotel management practices.

Keywords: Brunei, Halal Hotel Attributes, Halal Tourism, Hotel Managers

INTRODUCTION

Manufacturing companies play a crucial role in the economy of a nation. In developed countries, they represent a considerable portion of overall economic activity. In Nigeria, this sector contributes more than 10% to the total Gross Domestic Product (GDP) annually. These companies provide jobs for approximately 12% of the workforce in the formal economy (NBS, 2020). The importance of the manufacturing industry to the Nigerian economy cannot be overemphasized due to its immense contributions in terms of employment generation and the provision of essential commodities for domestic use and export. Thus, it is imperative to study factors that can affect the value of manufacturing firms in Nigeria.

Manufacturing firms in Nigeria contend with a complex regulatory environment characterized by inconsistent policies, bureaucratic hurdles, and regulatory compliance challenges. Uncertainty surrounding government policies, tax regimes, and trade regulations creates a challenging business environment, hindering investment, innovation, and growth initiatives, thereby constraining firm value. Also, limited access to affordable financing options is a pervasive issue for manufacturing firms in Nigeria. High interest rates, strict collateral demands, and insufficient access to credit hinder firms' capabilities to invest in advanced technologies, grow their operations, and improve production methods. This financing gap stifles growth opportunities and inhibits value creation for manufacturing firms. The firms are susceptible to market volatility and currency fluctuations, which impact input costs, pricing strategies, and profit margins. Instability in exchange rates, inflationary pressures, and economic uncertainties undermine firms' financial performance and erode firm value over time.

Despite the growing importance of corporate governance in enhancing performance, there exists a significant population gap in empirical studies focusing specifically on Nigerian manufacturing firms. Existing research predominantly focuses on financial, banking and insurance sectors, overlooking the unique contextual factors and challenges faced by manufacturing firms operating in emerging economies like Nigeria. As a result, there is a dearth of comprehensive empirical evidence that directly addresses the relationship between risk committee attributes, financial leverage, and firm value within the Nigerian manufacturing context (see, Frank & Ukpong, 2024; Agbaje et al, 2024 Yahaya & Ogwiji, 2021; Virginus et al., 2021; Chukwujekwu et al., 2020; Fali et al., 2020; Kakanda et al., 2018; and Jimoh & Attah, 2017). This population gap limits the applicability of existing governance models and best practices, necessitating tailored research efforts to fill this critical gap in the literature.

The literature on the relationship between risk committee attributes and performance in manufacturing firms, particularly within the Nigerian context, is sparse and fragmented. While existing studies have examined the impact of some RMC attributes financial performance, few have explored the nuanced interaction between risk oversight practices, financial leverage, and value creation specifically within the manufacturing sector (see, Frank & Ukpong, 2024; Malik et al., 2021; Boudiab & Ishak, 2020; Kakanda et al., 2018). The existing literature often lacks consensus on the effectiveness of different governance mechanisms in mitigating risks and enhancing firm value, highlighting the need for more rigorous empirical studies to reconcile conflicting findings and generate actionable insights for practitioners and policymakers Moreover, the study expanded the model by examining additional variables such as overlap directors, gender diversity and introducing a moderating variable financial leverage.

Firm value represents the sum of all the assets, liabilities, and future cash flows of the business. It is influenced by a range of factors, such as the firm's profitability, growth prospect, market position and risk profile. It is an important metric used by investors, analysts, and management to evaluate the performance of a firm and its potential for growth. The goal of corporate finance decisions in the long run is to maximize shareholder's wealth and investment. The firm value of a firm is closely linked to its ability to effectively manage risks. A risk committee plays a critical role in helping a

firm to identify, assess, and manage risks, which in turn can help to preserve and enhance the firm's value.

An effective risk management committee should have a diverse range of skills and expertise to ensure that all potential risks are adequately identified and addressed. A committee made up of individuals with different backgrounds and experiences can bring about range of perspectives, which can help the firm identify risks that may have been overlooked. For example, a committee member with background in finance, accounting, or related field can help identify risks associated with financial mismanagement, operational inefficiencies, or regulatory compliance issues. Furthermore, the committee should have members who are independent and objective, ensuring that they are not influenced by personal or business interests. This independence can help the committee make objective decisions regarding risk management, which is critical in mitigating potential risks that could negatively impact the organization's value. Additionally, independence can provide stakeholders with confidence in the committee's decision-making processes, thereby enhancing the firm's reputation and value.

When making economic decisions, creditors and other stakeholders are interested in the firm's value. The cost of capital is directly proportional to the firm's value. The lower the cost of capital, the higher the firm's worth. This means that capital providers view firms with low market value as high-risk, resulting in higher interest rates on loans than firms with higher market value. The financial and market worth of a firm are critical pieces of information for lenders and other stakeholders. As a result, corporate executives are faced with the challenge of determining the optimal financing choice that will have an influence on the firm's value and long-term viability. The financing options available are a combination of equity and debt, categorized as an essential issue encountered by a firm's financial manager. This financing mix may influence the value of the firm, either positively or negatively. Prior studies have shown a positive relationship between financial leverage and firm value (Berger et al., 2002; Hadlock & James, 2002; Ghosh et. al., 2000).

In reality, determining the best capital mix is a difficult task for corporate managers. To reach an exact combination that can optimize its worth, a firm may need to issue various securities in a mix of debt and equity. The company has achieved its ideal capital structure when the combination of capital can enhance its overall value. As noted by Jensen and Meckling (1976), the amount of financial leverage in a company's capital arrangement mitigates agency conflicts between management and shareholders, thereby potentially impacting managerial conduct and operational choices. This is in tandem with Harris and Raviv (1991), as well as Graham and Harvey (2001). The failure of the firm can be attributed to inefficient financing and capital structure decisions (Mwangi et el., 2014).

LITERATURE REVIEW

2.1 The Concept of Firm Value

The net worth of a firm at any one time is known as market value. The term "firm value" is occasionally used to describe it. Firm value is a term used to describe how much an asset or firm is worth in a financial market. One of the most important financial metrics that attracts investors and other stakeholders is market value. The goal of corporate finance decisions in the long run is to maximize shareholders' wealth and investment. The measure of a firm's value is an indicator of the size of its asset. The firms with a larger total asset value have reached a stage of maturity where the cash flow has been positive and the firm is considered to have good prospects within a relatively long period. However, it also shows that the firm is relatively more stable and capable of generating profits than firms with low value (Daniati, 2006).

2.2 Empirical Review

There has been a rise in research on topics related to risk management over the past decade.

Arevalo (2021) suggests that companies should implement a framework to manage financial risks in order to prevent excessive borrowing linked to economic growth. Earlier studies have indicated that Risk Management Committees (RMCs) impact the decision-making process. For example, Subramaniam et al. (2009) examined independent RMCs, governance practices, and the quality of financial reporting. The results indicated a notable positive correlation between distinct RMC and better corporate practices, as well as improved quality of financial reporting. Ng et al. (2012) examined the connection between RMC characteristics and risk-taking behaviors within Malaysian insurance companies. The research found that both the size and independence of the RMC seem to have a negative relationship with underwriting risk, whereas the number of RMC meetings held was not a significant factor.

Abdullah et al., (2015) studied the RMC attributes and hedging activities and information disclosure among listed Malaysian firms. The finding revealed RMC independence has significant negative influence on hedging activities and information disclosure. While RMC meetings has positive impact on information disclosure. Wu et al., (2016) studied RMC characteristics and prestige on the efficiency of listed Malaysian firms. The finding revealed that the RMC influences the efficiency level of the listed firms in Malaysia. Terjesen et al. (2016) described that a Risk Management Committee (RMC) is expected to enhance the effectiveness of risk oversight functions, subsequently leading to better corporate performance and increased firm value.

Kallamu (2015) investigates the attributes of risk management committees and their impact on market valuation and accounting returns in Malaysia. He found a notable positive correlation between the independence of the RMC and the market valuation of firms. Jia (2019) analyzed how gender diversity within RMCs influences a firm's risk of experiencing financial distress. The findings indicated a significant negative relationship between the gender composition of the RMC and the probability of financial distress.

Elamer and Benyazid (2018) investigated how the Risk Committee affects the financial performance of financial institutions in the UK. Their results reveal a negative correlation between the size, expertise, meeting frequency, existence, independence of the RMC, and performance. Boudiab and Ishak (2020) analyzed the characteristics of RMCs and the performance of non-financial listed companies in Malaysia. The results showed that the size of the risk management committee (RMC) and training negatively correlate with performance, whereas diligence does not have a meaningful impact on performance. Ramlee and Ahmad (2020) investigated the influence of Malaysian risk management committees on the financial performance of publicly listed companies. The results suggest that the presence of a chief risk officer, along with the knowledge and expertise of the RMC, significantly affects a firm's performance.

HYPOTHESIS DEVELOPMENT

Risk management committee size

The agency theory suggests that a larger Risk Management Committee (RMC) facilitates effective management and oversight of risks by the company's leadership, ensuring adherence to organizational policies, programs, and transparent reporting of findings to the main board (Alles et al., 2005). The presence of a larger RMC is associated with increased agency costs resulting from higher leverage and the added complexity of a firm’s operations (Subramaniam et al., 2009). It has been proposed that Boards with a distinct, independent committee dedicate their efforts exclusively to risk management, reflecting a commitment to enhancing the overall corporate governance framework of the organization (Yatim, 2010). The resource dependency and agency theory have suggested that a small number of boards play a key role in effectively advising and counseling on the firm's strategic choices (Pearce & Zahra, 1991). Zahra

and Pearce (1989) noted that larger boards are sometimes seen as more effective in scrutinizing the actions and decisions of top management, as it becomes more challenging for CEOs to dominate a larger board. Similarly, Ahmed et al. (2015) argued that larger boards can lead to significant improvements in corporate performance due to their diverse skill sets. Valuable insights regarding various levels of risk factors, along with robust justifications, can directly contribute to ideas that mitigate internal agency conflicts.

H01: There is no positive impact of RMC size on firm value.

Risk management committee diligence

The frequency of meetings plays a crucial role in determining the effectiveness of the RMC board members (Kakanda, et al., 2018; Ng, et al., 2012; Yatim, 2009). Through meetings, RMC members can communicate effectively, engage in discussions, and achieve a unified goal while identifying risk factors by staying alert (Kakanda, et al., 2018; Ng, et al., 2012). Furthermore, committee meetings enable each member to continuously update themselves on managing risk factors after a period of consistent effort (Kakanda, et al., 2018; Ng, et al., 2012; Yatim, 2009). It is widely expected that regular meetings will provide a solid and vigilant framework that assists in making decisions related to the firm (Ng, et al., 2012). Additionally, Yatim (2010) asserts that the members of the RMC are attentive in fulfilling their oversight duties, particularly concerning RMC activities, while also enhancing communication among themselves and encouraging the board members of the RMC to take proactive measures in managing risk factors and overseeing operations. The diligence of the RMC is viewed as an important action taken by the board of directors to address matters that have been neglected by management (the agent). The RMC plays a crucial role as the principal entity. Furthermore, agency theory further reinforces this assertion.

In the context of resource dependency theory, a Risk Management Committee (RMC) meeting plays a crucial role in sharing information and insights with specialists, which is a vital and technical asset for the organization. The primary aim of the Committee meeting is to mitigate problems, exchange valuable ideas, and offer comprehensive guidance to the management in addressing current challenges posed by unpredictable factors. According to resource dependence theory, regular board meetings facilitate access to external resources. During these discussions, directors contribute their expertise and knowledge as vital resources that enhance effective decision-making. Zaman et al. (2011) suggest that a higher frequency of meetings correlates with increased effectiveness, while fewer meetings are associated with diminished effectiveness. Consequently, the frequency of meetings serves as an indicator of the RMC's commitment.

H02: There is no positive impact of RMC diligence on firm value.

Risk management committee expertise

The agency theory suggests that ongoing training and educational initiatives are vital for board structures. In addition, in alignment with the resource dependency theory, the qualifications and expertise of members can enhance the competencies required by RMC members and the organization as a whole. RMC members should have adequate Accounting and finance knowledge, especially on risk portfolio, internal control and risk management, guaranteeing the monitoring role is accomplished perfectly. In consistent with the resource dependence theory, member's qualifications and knowledge may positively add to the competencies needed by RMC members and the organization. Mas'ud (2020) documented a significant relationship between qualified RMC members and corporate performance. Members of the sub-committee ought to have substantial experience and be adequately trained to comprehend risk management tasks (Yatim, 2009). Providing sufficient training for Risk Management Committee members will guarantee that their

oversight responsibilities are met effectively. Furthermore, a robust risk oversight function is attained when directors have a variety of skills and experiences acquired through education that are essential for conducting effective risk oversight.

H03: There is no positive impact of RMC expertise on firm value.

Risk management committee independence

The independent members of the Risk Management Committee (RMC) are anticipated to gather all essential information and resist any influence from managers aiming to manage firm risk, thereby improving company performance. According to the revised corporate governance code (2018), the RMC chairman must be a non-executive director. Various corporate governance frameworks globally mandate that organizations form their RMCs with a majority of independent directors to ensure their functions are performed autonomously. In alignment with agency theory, non-executive directors can oversee and identify any self-serving behaviors by management, thereby lowering agency costs. Kallamu (2015) reported that RMCs comprised predominantly of independent non-executive members have a notably positive effect on corporate performance and market valuation. Furthermore, Wu et al. (2016) discovered that the ratio of independent members in RMCs has a significant and favorable impact on the operational efficiency of firms.

H04: There is no positive impact of RMC independence on firm value.

OVERLAP DIRECTOR

Hines et al. (2015) suggest that companies with directors who serve on various board sub-committees tend to report higher quality accounting information and incur lower audit fees. Similarly, Coles, Daniel, and Naveen (2015) offered empirical data regarding the joint membership of board members and its impact on firm value. Their research utilized data from 1500 US-listed companies spanning the years 1996 to 2014 and examines whether "overlapping directors affect the firm value." Their results reveal that overlapping directors have a positive effect on firm value in complex organizations and collaborative environments.

H05: There is no positive impact of overlap directors on firm value.

Risk management committee diversity

A greater degree of gender diversity on the board conveys a message of independence and transparency to the Firm's external stakeholders (Rose, 2007; Lückerath & Rovers, 2013). In this research, female representation is evaluated in absolute figures as the count of female members within the risk committee. This information is derived from the corporate governance sections of annual reports (Malik, 2017). This aligns with the Nigeria code of corporate governance, which requires firms with separate risk committees to include one or more directors who serve on both the risk committee and the audit committee (Financial Reporting Council of Nigeria, 2018).

H06: There is no positive impact of RMC diversity on firm value.

Leverage as a Moderating Variable between RMC Attributes and Firm value

Financial leverage has been used as a moderating variable in numerous previous studies (See, for instance, Dahiyat & Bawaneh, 2021; Bashir & Asad, 2020; Abubakar, et al., 2020; Osabe, et al., 2019; Osazuwa & Che-Ahmed, 2016). Debt financing, or leveraging, refers to the use of borrowed funds by companies to improve their performance, and has been extensively applied in various research that explores the relationship between corporate governance and firm performance, revealing a positive influence of leverage on both financial and market performance (Chiang & Lin, 2011; Hurdle, 1974; Kang & Kim, 2011; Kyereboah, et al., 2006). This direct connection between financial leverage and firm value aligns with the moderation framework proposed by Kenny and Baron (1986).

Jensen and Meckling (1976) illustrate that

the degree of financial leverage in a company's capital structure can diminish agency conflicts between managers and shareholders, thereby influencing managers' actions and operational choices. This view is supported by Harris and Raviv (1991) and Graham and Harvey (2001). A firm's downfall can stem from financial choices that lead to particular suboptimal financing and capital structure determinations. Both investors and company management are anxious about the presence and pursuit of an optimal capital structure. Since the aim of all financing decisions is to enhance shareholder wealth, a direct method to evaluate the impact of any financial decision is by examining its effect on the firm's value and performance (Mwangi et al., 2014). Additionally, leverage can enhance a firm's worth by alleviating conflicts between shareholders and managers regarding free cash flow, the appropriate level of risk, and the most effective investment strategies (Myers, 1977).

H07: Financial leverage cannot moderate the relationship between risk committee and firm value.

UNDERPINNING THEORIES

The Model 1 of the study is anchored on agency and resource dependency theories. The agency theory explains how shareholders (principal) delegate decision making authority to managers (agents) to run the affairs of the business. As a result, managers often engage in opportunistic behaviour in order to satisfy their utility. Risk committee can help mitigate this problem by ensuring that management risk-taking behaviour aligns with shareholders' interest. The theory posits that agents take excessive risk, potentially harming the principal. Effective risk committee can reduce this risk by monitoring and advising management on risk-taking, which will impact on the firm's value.

Resource dependency theory posits that firm depend on external resources for survival. The risk committee can help manage these dependencies by identifying and mitigating risks associated with resource acquisition and management. Supporters of this theory opine that a firm's ability to regulate external resources determines its level of success. In addition, the risk committee members add value to the firm in a variety of additional ways. Members of the risk committee, for example, contribute to the firm extra resources such as unique skills, expert knowledge, business connections and goodwill which is often called board capital. This model examined the direct relationship between RMC attributes and firm value.

The second model of the research explores the link between financial leverage as a moderating variable and firm value as the dependent variable. This model is based on the trade-off theory, which suggests that managers weigh the costs and advantages of debt and equity financing to determine an optimal capital structure, considering market imperfections such as taxes, bankruptcy costs, and agency costs. This theory also forms the foundation for the third model of the research, which assesses how financial leverage moderates the relationship between risk committee characteristics and the value of publicly listed manufacturing firms in Nigeria. Leverage enhances firm value by alleviating conflicts between shareholders and managers that may arise from excess cash. Ebaid (2009) contended that leverage reduces agency costs since both the firm's reputation and the manager's salaries are at stake. Conversely, increased leverage signifies greater commitment from the firm to fulfill its future principal and interest payments. Consequently, this research is grounded in agency, resource dependency, and trade-off theories.

METHODOLOGY

The data for this research was gathered from the annual financial statements of manufacturing companies registered on the Nigeria Exchange Group, utilizing a correlational ex-post facto research methodology. The population of the study consists of all 56 manufacturing firms that were listed as of December 31, 2022. Purposive

sampling techniques were employed, a criterion to narrow down the sample, requiring that the firm have a separate RMC and have been listed within the study's time frame. Only 40 out of 56 firms remained after 16 firms were removed from the sample. The investigation lasted for eight years (2015-2022). This time frame was chosen because it coincided with the advent of IFRS and the strict regulatory requirements by regulators.

Model specification

The following model is presented for this study

FV□□= □0+ □1RMC□□□+ □2RMCD□□+ □3RMCE□□+ □4□MCI□□+ □5 OD□□+ □6RMCG□□ + □□□

FV□□= □0+ □1RMC□□□+ □2RMCD□□+ □3RMCE□□+ □4□MCI□□+ □5 OD□□+ □6RMCG□□ + □7FLEV + □□□

FV□□= □0+□1RMC□*LEV□□+□2RMCD *LEV□□+□3RMCE*LEV□□+□4□MCI*LEV □□+□5 OD□□ *LEV□□ + □6RMCG*LEV□□ +□□□

Where □0 is constant for all firms over the period

FV□□ = Firm Value

RMC□□□ = Risk Management Committee Size

RMCD□□ = Risk Management Committee Diligence

RMCE□□ = Risk Management Committee Expertise

□MCI□□ = Risk Management Committee Independence

OD□□= Overlap director

RMCG = Risk management committee gender diversity

LEV□□ = Financial Leverage

Ɛ□□ = Error term for all firms over the period

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

DISCUSSION OF RESULTS

Table 2 Summary of Descriptive Statistics (n=320)

Table 1. Measurement of variables

Variables	Acronym	Measurement	Sources
Firm Value	FV	(Tobin's Q)	(Yermack, 1996).
Risk management committee size	RMCS	Number of RMC members at financial year end	(Abdi*et al.*, 2021)
Risk management committee diligence	RMCD	Number of RMC meetings during the financial year	(Kakanda *et al.*, 2018)
Risk management committee expertise	RMCE	Proportion of RMC members with accounting, finance or related qualifications	(Bendiab & Ishaq, 2020)
Risk management committee independence	RMCI	Proportion of non-executive members on the RMC	(Yatim, 2009)
Overlap director	ODRC	1 if there is a member who serves on both the RMC and the AC and 0 for otherwise	(Tao, 2015)
Risk management committee diversity	RMCG	The number of female members on the RMC	(Malik, 2017)
Financial Leverage	FLEV	Total liability of the firm divided by the total asset	(Ademiluyi & Ayorinde, 2008; Myers, 1977)

Table 2 outlines the characteristics of the data set, offering details on the number of observations, standard deviation, mean, and both maximum and minimum values. The firm value exhibits

Variable	Obs	Mean	Std. Dev.	Min	Max
FV	320	1.619	1.456	.124	9.287
RMCS	320	4.78	1.267	3	8
RMCD	320	3.111	.985	1	7
RMCE	320	.464	.197	.2	1
RMCI	320	.603	.144	.2	.81
OLVD	320	.69	.463	0	1
RMCG	320	.599	.606	0	2
FLEV	320	0.1407	0.1116	0.001	0.574

Note FV= Firm value; RMCS = Risk management committee size; RMCD = Risk management committee diligence; RMCE = Risk management committee expertise; RMCI= Risk management committee independence; OLD = Overlap director; RMCG = Risk management committee diversity; FLEV= Financial leverage.

maximum and minimum values of 9.2873 and 0.1241, with a mean and standard deviation of 1.602389 and 1.431124, respectively. Throughout this analysis, the average firm value was recorded at 16 percent, as indicated by the mean value. The standard deviation of 1.431124 illustrates the variability in firm firm value between the minimum and maximum values. Since the standard deviation is lower than the mean, the figure of 1.602389 indicates a minor deviation from the mean. Although some manufacturing firms experience low firm value, others show consistent improvement. The RMCS shows an average of 4.778125, suggesting that most manufacturing firms typically have around five directors on the RMC. The RMCD, with a mean value of 3.115625,

indicates that the RMC convened for an average of three meetings each financial year.

The RMCE shows a mean of .46225, suggesting that merely 46% of RMC members possess knowledge in accounting and finance. The RMCI displays a mean value of .606, indicating that a notable proportion of the RMC composition in Nigeria's manufacturing sector consists of non-executive directors. The overlap director has a mean of .6875, revealing that many members of the RMC participate in two or more board committees. Lastly, the gender diversity within the committee has a mean value of .59375, signifying a considerable presence of female members in the risk management committees of manufacturing companies in Nigeria.

	FV	RMCS	RMCD	RMCE	RMCI	OLD	RMCG	FLEV	VIF
FV	1	-0.2181	0.0471	0.0471	-0.1843	-0.3843	-0.0748	0.1418	1.39
RMCS		1	-0.1143	-0.1835	0.0404	0.1806	-0.0241	-0.3117	1.22
RMCD			1	-0.0398	-0.1515	-0.0640	-0.1182	0.0792	1.22
RMCE				1	0.0319	0.1667	-0.0544	-0.2639	1.22
RMCI					1	0.3599	-0.0110	-0.4254	1.27
OLD						1	-0.1284	0.0049	1.14
RMCG							1	-0.0041	1.04
FLEV								1	1.29
Mean VIF									1.20

Table 3. Pearson correlation matrix and multicollinearity test

Source: Author's computation using STATA14

TABLE 4. PANEL CORRECTED STANDARD ERROR ANALYSIS AND DIAGNOSTIC TEST

Source: Authors' computation using STATA14
Notes: FV= Firm Value; RMCS = Risk management committee size; RMCD = Risk management committee diligence; RMCE = Risk management committee expertise; RMCI = Risk management committee independence; OLD = Overlap directors; RMCG = Risk management committee gender diversity; FLEV = Financial leverage

Variables	Model 1			Model 2			Model 3		
	Coefficient	Z-value	P-value	Coefficient	Z-value	P-value	Coefficient	Z-value	P-value
RMCS	-.1400878	-5.33	0.000	-.1225893	-4.64	0.000	-.1225893	-4.64	0.000
RMCD	.0260232	0.35	0.724	.8046975	0.23	0.816	.9578922	7.94	0.000
RMCE	.744522	4.49	0.000	1.03655	4.76	0.000	-1.525387	-3.59	0.001
RMCI	-1.629118	-6.24	0.000	-1.130056	-2.76	0.006	1.551552	2.90	0.004
OLVD	.1187375	9.83	0.000	1.232752	10.48	0.000	1.518141	9.97	0.000
RMCG	-.2047745	-3.28	0.001	-.2024905	-3.11	0.002	-.1564744	-1.82	0.068
FLEV				.0037112	1.80	0.072			
_cons	3.96227	12.45	0.000	5.141567	5.11	0.000	4.052896	4.94	0.000
No. of obs	320			320			320		
R-squared	0.2228			0.2316			0.8590		
Wald chi2 (7)	333.24			308.76			3802.88		
Prob> chi2	0.0000			0.0000			0.0000		
Wooldridge test	79.366		0.0000						
Breusch-Pagan / cook-Weisberg	181.44		0.0000						
Shapiro-Wilk W		10.138	0.00000						

According to Table 4, the size of the risk management committee is shown to have a negative and significant relationship after interacting with financial leverage (β= -.1225893, p<0.05). This outcome contradicts the hypothesis that posits financial leverage moderates the link between RMC characteristics and the value of the firm. For RMC diligence, the interaction with financial leverage reveals a positive and significant effect on firm value (β= .9578922, p<0.05). This finding aligns with the hypothesis suggesting that financial leverage can moderate the connection between RMC attributes and the value of listed manufacturing firms in Nigeria. This also corresponds with the principles of agency theory. Regarding risk management committee expertise (RMCE), as shown in Table 4.10, it demonstrates a negative and significant effect on firm value following the interaction (β=-1.525387, p<0.05). This outcome does not support the hypothesis claiming that financial leverage can moderate the relationship between RMC traits and the value of listed manufacturing firms in Nigeria. Regarding the independence of the risk management committee (RMCI), as shown in table 4.10, RMCI demonstrated a significant positive effect on the value of publicly traded manufacturing companies following the interaction (β= 1.551552, p<0.05). This result supported the hypothesis, indicating that financial leverage positively and significantly influences the relationship between the characteristics of the risk management committee and the value of listed manufacturing firms.

The findings suggest that the increase in monitoring activities by creditors of heavily leveraged firms compensates for the inadequacies in the performance of committee duties by non-executive directors. Consequently, this led to a change in the strength and direction of the relationship between RMCI and firm value when financial leverage acted as a moderator. According to table 4.10 regarding directors who overlap on the risk committee (OVLD), there was a significantly positive effect on the value of listed manufacturing firms in Nigeria (β= 1.518141, p<0.05). This validates the hypothesis stating that financial leverage can influence the relationship between the attributes of RMC and firm value. Additionally, this finding aligns with the requirements of the NCCG 2018, which mandates that firms with a separate risk committee should include two or more overlapping directors. Conversely, regarding risk management committee gender diversity (RMCG), table 4.10 indicates that

there was no shift in direction in post-interaction concerning the link between RMCG and firm value. RMCG exhibited a negative insignificant effect on firm value even after this interaction (β=-.1364744, $p<0.05$). This finding does not support the hypothesis asserting that financial leverage can moderate the relationship between RMC attributes and the market value of listed manufacturing firms in Nigeria.

CONCLUSION

This study has examined the complex interactions between risk management committee attributes, financial leverage, and firm value within the context of Nigerian manufacturing firms. The study found strong evidence that the inclusion of overlapping directors, diligence, and independence are This research has explored the intricate relationships among the characteristics of risk management committees, financial leverage, and firm value within Nigerian manufacturing companies. The findings provide substantial evidence that the presence of overlapping directors, diligence, and independence are attributes of risk committees that significantly affect firm value. Financial leverage serves as a moderating element in this dynamic. The notable and significant influence of risk committee expertise, diligence, independence, and overlapping directors on firm valuation highlights the critical role of effective corporate governance practices in improving the firm value of manufacturing firms in Nigeria. This finding aligns with previous research highlighting the critical importance of effective risk oversight frameworks in safeguarding shareholder interests and minimizing corporate risks. By demonstrating a clear link between the characteristics of risk committees and firm value, the study strengthens the notion that strong corporate governance frameworks are essential for achieving long-term business success in emerging economies such as Nigeria. Additionally, the moderating influence of financial leverage on the relationship between risk committee features and firm value introduces a more complex aspect to the understanding of corporate governance dynamics. The interplay between risk committee characteristics and financial leverage indicates that the effects of governance practices on firm value may differ based on the level of financial leverage utilized by the firm. This conclusion emphasizes the necessity of taking contextual factors into account when assessing the effectiveness of corporate governance mechanisms in enhancing firm value.

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