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RISK GOVERNANCE AND FIRM VALUE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

This study investigates the relationship between risk governance and firm value of listed deposit money banks in Nigeria with a focus on audit committee risk, technology risk, and board committee risk as key components of environmental reporting. The purpose of this research is to address the gap in literature concerning the relationship between risk governance practices and firm value within the Nigerian banking sector, where the majority of research on company value focus on international financial reporting standards (IFRS), corporate governance (CG), and the audit committee without giving enough thought to risk governance in Nigeria. This Study aims to assess the relationship between risk governance and firm value of listed deposit money banks in Nigeria. The study adopts an ex post facto research design, utilizing panel data from 22 manufacturing firms listed on the Nigerian Exchange Group over the period 2013–2022. Secondary data were obtained from the firms' annual reports and financial statement, The research focuses on three critical aspects of risk governance: audit committee risk, technology risk, and board committee risk, with firm value measured by Tobin's Q, Market capitalization is included as a control variable. The findings indicate that technology risk has a significant positive impact on firm value suggesting that banks with better ICT governance experience higher market value. Conversely, board committee risk exhibits a significant negative effect on firm value,indicating that an increase in risk committee meetings could be perceived negatively by the marketAudit committee risk, however, did not show a statistically significant effect on firm value implying that variations in audit committee governance do not meaningfully influence the financial performance of Nigerian banks. The study contributes to the understanding of risk governance in emerging markets, specifically within Nigeria's banking sector,

Introduction

A increasing interest in corporate governance procedures is the demand for more accountability and the regulatory supervision function (Zemzem & Kacem, 2014). Risk governance has become a hot topic in academia, banking, and among risk professionals in recent years. The recent wave of corporate scandals and financial crises that enveloped financial and corporate institutions brought attention to risk governance on a worldwide scale (Aebi et al., 2011). In order to address business failures, particularly in the financial institutions, the International Risk Governance Council (IRGC) was established in 2002 and created a risk governance framework. As a move from traditional silo-based risk management approaches to a more integrated approach to risk management governance, this paradigm was praised, particularly among risk experts (Gordon et al., 2009).

Erin et al. (2017) suggest that effective risk governance is linked to the long-term performance of companies. Following the 2008 global financial crisis, the Nigerian financial sector, especially banks, suffered due to poor risk governance, resulting in significant loss of depositors' funds. To address this, the Central Bank of Nigeria (CBN) introduced a policy in 2012 aimed at enhancing risk management practices across the sector. This included implementing a risk governance framework within the corporate governance structure, applicable to all entities within the Nigerian financial industry, such as banks, insurance firms, and investment companies.

The relationship between risk governance and firm performance in developed economies has been extensively studied (Marjolein et al., 2011; Klinle and Renn, 2014; Mollah et al., 2014; Liaropoulous et al., 2016). However, there is a dearth of empirical data on this relationship in the Nigerian context. There aren't many studies on risk management at the moment of this research (Owojori et al., 2011; Fadun, 2013; Onafulajo and Efe, 2013; Ishaya and Siti, 2015; Kakanda et al., 2017; Soliman and Adam, 2017). These studies did not take into account the risk governance structure as a whole and how it affects business performance; instead, they exclusively looked at risk management from the perspectives of credit risk management and enterprise risk management (ERM). These studies failed to capture important risk governance
variable like the Audit Committee Risk. In order for the bank to meet its risk objectives, independent directors play a crucial role. Independent directors are able to offer an unbiased evaluation of risk management tactics because they are not involved in day-to-day operations. Furthermore, the variety of opinions that result from their varied experiences and backgrounds broadens and deepens board conversations (Vallascas et al., 2017).

The majority of research on company value focus on international financial reporting standards (IFRS), corporate governance (CG), and the audit committee without giving enough thought to risk governance in Nigeria. The focus of the few studies (Okafor and Ibadin, 2011; Erin et al., 2017a; Soliman and Adam, 2017; Erin et al., 2018) on risk management framework was on credit risk management and ERM, rather than taking risk governance and its effect on firm value in Nigeria into account as a whole. We are driven to investigate this study and offer our findings that may enhance the firm's worth and foster sustainable growth in financial institutions because of the study's timely significance regarding Nigerian financial institutions and other emerging

economies. Is there a real impact on company value in financial institutions from risk governance? This is an important topic to ask. In light of this, this study uses the hierarchical regression approach to investigate the effect of risk governance on firm value of financial institutions in Nigeria. In addition to risk governance characteristics, this study identifies other factors that may have an impact on business value.

This research aims to offer two key contributions. Firstly, it seeks to advance the understanding of the impact of risk governance, risk management, and corporate reporting on firm value, especially in emerging economies, within the realms of accounting and finance. Specifically focusing on Nigeria, the study provides fresh perspectives on how robust risk governance correlates with the value of financial institutions in emerging markets. Additionally, this study sheds light on the broader implications of the risk governance framework within risk management research and its transformative effects on the corporate sustainability of financial institutions.

The majority of research on company value focus on international financial reporting standards (IFRS), corporate governance (CG), and the audit committee without giving enough thought to risk governance in Nigeria. The focus of the few studies (Okafor and Ibadin, 2011; Erin et al., 2017a; Soliman and Adam, 2017; Erin et al., 2018) on risk management framework was on credit risk management and ERM, rather than taking risk governance and its effect on firm value in Nigeria into account as a whole. This paper offers empirical proof in favor of risk quantifiability through bank risk governance. When evaluating bank risk—which encompasses credit, market, and operational risks—directors' combined efforts play a crucial role. While existing literature has addressed various aspects of risk management, corporate governance, and financial performance in the Nigerian banking sector, there remains a notable gap in the empirical analysis of the relationship between risk governance practices and firm value within the context of listed DMBs. Prior studies have predominantly focused on individual components of risk management or corporate governance, without systematically examining the interplay between risk governance mechanisms and their impact on firm value creation.

Key gaps in the literature include limited empirical evidence on the effectiveness of risk governance practices in Nigerian listed DMBs, inadequate understanding of the drivers and determinants of firm value within the banking sector, and a lack of comprehensive frameworks for assessing the relationship between risk governance and firm value dynamics. Additionally, while regulatory reforms have aimed to strengthen risk management frameworks and enhance corporate governance standards, the extent to which these reforms have translated into tangible improvements in firm value remains underexplored (Erin et al, 2018).

This study seeks to address these gaps by conducting a comprehensive empirical analysis of the relationship between risk governance practices and firm value in Nigerian listed DMBs. By employing rigorous quantitative methods and drawing on a comprehensive dataset of financial and governance metrics, the study aims to provide empirical insights into the drivers, mechanisms, and outcomes of effective risk governance practices on firm value creation within the Nigerian banking sector. The overarching objective of this study is to examine the extent to which risk governance practices influence firm value in Nigerian

listed DMBs, with a focus on identifying the key determinants, drivers, and pathways through which risk governance mechanisms impact organizational performance and stakeholder value creation (Muddassar, 2024).

By addressing these research questions, this study aims to contribute to the existing body of knowledge on risk governance, corporate governance, and financial performance in the Nigerian banking sector. The findings of this study are expected to provide valuable insights for policymakers, regulators, bank management, investors, and other stakeholders in enhancing risk management effectiveness, optimizing firm value creation, and promoting the long-term sustainability and resilience of Nigerian listed DMBs.

Literature and Hypotheses Development

2.1.2 Firm Value

The utility or advantage that can be obtained from a good or an object is referred to as firm value (Wild, 1992). The price at which a good can be exchanged is referred to as the firm value in finance (Mousavi, Mousavi, Pourezza & Ahmadi, 2012). The market's expectations of a firm's performance determine its worth, and accounting measures give the market the data it needs to make these assumptions. Therefore, current earnings are a good predictor of future performance, while book value of equity represents past performance. Firm valuation frequently starts with these metrics (Sveiby, 2010). However, A financial statement needs to be valuable relevant in order for accounting information to reflect firm value. According to research on value relevance, shareholders can predict future returns by using accounting earnings (Mehri, Umar, Saeidi, Hekmat & Rasekh, 2012). Nonetheless, value relevance studies evaluate how effectively specific accounting measures reflect information used by investors using equity market value as the valuation benchmark (Barth, Beaver & Landsman, 2001; Larcker & Rusticus, 2010).

Tobin's Q is cited by Bishop, Faff, Oliver, and Twite (2004) as one of several commonly used techniques for corporate valuation. Tobin's Q is defined as the ratio of the market value of assets (debt and equity) to the replacement value of assets. This definition was provided by Bhagat and Jefferis (2022), Gompers, Ishii and Metric (2013), and Beiner and Schmid (2005). Debt can be appropriately evaluated as a significant component of Tobin's Q, according to Sarkar and Sarkar (2000). Because the variables indicate the firm's financial soundness and act as a stand-in for firm value, Tobin's Q is therefore frequently employed for firm valuation.

This suggests that a key component of business processes is the analysis of corporate value. For this reason, several academics have used Tobin's Q as a company value evaluation tool (Okoye, Odum & Odum, 2014; Adenugba, Ige & Kesinro, 2016). In the economic theory of investment behavior known as Tobin's Q, q is the ratio of the market value of a company's current shares (share capital) to the cost of replacing the company's tangible assets.

Risk Governance

There is no one definition that applies to risk governance; instead, multiple authors have given varied interpretations of this concepts in the literature have portrayed risk governance in a variety of ways. Anderson (2008) sees risk governance as a strong corporate governance mechanism that allows the board of directors to coordinate business goals with risk management in a way that satisfies all stakeholders. Similarly, Checkley (2009) asserts that risk governance is

understood as the board's oversight duty for guiding risk strategy and establishing a transparently stated risk appetite that is shared with the entire company.

According to Rahim et al. (2015), risk governance is concerned with how the board of directors manages and maximizes risk inside the company. Also, According to Gordon et al. (2009), senior management, the board, and risk management operations have a larger role in risk governance. It highlights that in order to create a foundation for wise management decisions, the board must keep an eye on risk information, analysis, and disclosure. All of these definitions have one thing in common: risk governance gives the board a platform to keep an eye on risk compliance and inform all parties involved about risk-related matters. Numerous writers have contended that risk governance bears a striking resemblance to the concepts of corporate, integrated, strategic, holistic, and business risk governance (Kleffner et al., 2003; Bromiley et al., 2005; Hoyt and Liebenberg, 2011).

Bromiley et al. (2005), the literature on risk governance is multidisciplinary and integrates the concepts of governance and risk. The current situation has to do with controlling a variety of dangers inside the company. In contrast, Pagach and Warr (2011) highlight the term "risk" in relation to risk governance. They contend that recognizing different new and developing risks is essential to risk governance; as a result, risk governance is the organization's capacity to recognize, evaluate, and control a wide range of risks that could jeopardize business continuity. Vein et al. (2003) define risk governance as a coordinated and integrated approach to governance that involves top management and the board in addition to all business units in discussing risks that could impact business performance.

Furthermore, A variety of industry publications, rating agencies, professional firms, and standard-setting organizations have defined or articulated risk governance. Stakeholder participation in an organization's risk governance process is emphasized by IRGC (2005). Stakeholders are viewed by them as a socially structured group that will be impacted by the choices the organization makes on risk management. Therefore, risk governance ought to involve both public and private involvement and take into account the interests of all parties involved.

Furthermore, according to Risk and Management Society (RIMS) (2011), risk governance is a strategic business choice that involves including all stakeholders in the risk and governance process in order to address the whole range of risks that a firm faces. Stakeholders are viewed by them as a socially structured group that will be impacted by the choices the organization makes on risk management. Therefore, risk governance ought to involve both public and private involvement and take into account the interests of all parties involved. Furthermore, according to Risk and Management Society (RIMS) (2011), risk governance is a strategic business choice that involves including all stakeholders in the risk and governance process in order to address the whole range of risks that a firm faces.

Audit Committee Risk

Screening the integrity of financial statements provided by management is the primary function of the audit committee (Hashim, Ahmed, & Huey, 2019; Azubike, &Nweze, 2019; Alabdullah, Ahmed, &Nor, 2018; Eyenubo, Mohammed & Ali, 2017). Recently, this important task has expanded to include the quarterly financial reports in addition to the annual financial statements (Hashim, Ahmed & Huey, 2019). Compared to

financial statements, audit committees are becoming more active in the supervision of financial reporting issues (Fiolleau, Hoang, & Pomeroy, 2019). According to Owolabi and Dada (2011), every corporate organization needs to give the audit committee greater attention and serious consideration given the frequency of firm failures and collapses.Because it improves good control systems and the integrity of financial reporting, the audit committee is regarded as an essential component of control mechanisms.

Ali, Mohammad, and Eyenubo (2017). The Sarbanes-Oxley Act placed emphasis on how important the audit committee's financial background is to raising the caliber of the financial reports. The different stakeholders on internal control (corporate governance), particularly audit committees, internal and external auditors, and institutional investors, seem unsure about their roles in boosting and improving corporate profitability, according to Azubike and Nweze (2019). It is incorrectly taught that the management and board of the company are the only ones who need to address issues with the control mechanisms.

The public's expectations for the quality of financial reports and audit quality will also be met by such expertise (Habib et al., 2018). As a result, the audit committee's effectiveness in performing its duties will increase, potentially reducing the time it takes to produce audit reports (Oussii & Taktak, 2018). Frequent meetings are thought to increase the likelihood that an audit committee will find and stop financial reporting process mistakes. This is consistent with studies conducted by Rusmanto & Herlina (2020) and Joy & Fachriyah (2018). According to Firnanti & Karmudiandri (2020), an increased audit committee size will enhance the standard of oversight during the reporting process, resulting in faster problem resolution.

H01: There is no significant impact of audit committee risk on firm value in the Nigeria banking sector.

Technology Risk

Many firms, especially in the financial sector, struggle to keep up with the complexity of the risk governance process because of insufficient automated tools (KPMG, 2015). Risk technology, according to Bromiley et al. (2005), improves risk information and its dissemination to relevant stakeholders, hence facilitating the risk governance framework. Without a sophisticated automated risk system, conducting independent risk assessments and stress tests within the organization becomes difficult. As a result, tight regulations are being loosened in an effort to make room for new businesses and boost competition in the financial services sector. Due to the combined effects of the economic crisis, the closure of bankruptcies, and the expansion of online transactions, we can observe a decreasing trend in the number of bank branches and staff in the Nigerian market. This has resulted in a stable increase in online and mobile banking quarter over quarter (NBS, 2016).

In order to modernize and transform their operations, most traditional banks today do not use the available technologies to the fullest extent possible (Deloitte, 2018). Competitors with more advanced technology have started to present themselves as the financial institutions of the future throughout that period, realizing that modern business must be digitalized. Businesses that only focus on their online and/or mobile presence have drawn customers who, as a result of the financial crisis, lost faith in traditional financial institutions and/or customers who

want alternative banking services that are more individualized, interactive, and responsive to their everyday needs. In the banking sector worldwide, technological disruptions such as ATMs, internet banking, debit and credit cards, agency banking, and smartcard applications are occurring at an exponential rate (Bett & Bogonko, 2017).

Banking is an information-intensive industry, and a significant portion of the industry's activity nowadays is driven by information technology (IT). The internal operations of banks, the value chain of the financial industry, and the interaction between banks and customers are all impacted by the usage of internet and mobile technologies in the banking sector (Roger, Bons, Alt, Lee & Weber, 2016).

H02: There is no significant effect on the relationship between technology risk and firm value in Nigeria listed deposit money banks.

Board Committee Risk

The board risk committee is a crucial component of the risk governance framework; the risk governance process would be compromised in the absence of a strong risk committee (Li et al., 2014; Soliman & Adam, 2017). According to KPMG (2015), the risk committee is an organization's primary force behind the risk governance system. With a variety of risk information at their disposal, the board risk committee's primary role is to set expectations and make sure they are satisfied. Members of the risk committee must possess the risk management abilities necessary to carry out the duties of a risk executive. The risk committee supports the audit review committees' internal audit review operations and is capable of quickly identifying, prioritizing, and overseeing economic risk (Fraser and Henry, 2017). The stakeholders can hope that the financial instruments regulations personally satisfy them more than those of organizations without such committees, as well as organizations that currently have RMCs. Committee members will be more proactive in detecting issues with the financial reporting process due to the audit committee's experience (Joy & Fachriyah, 2018).

H03: There is no significant relationship between board committee risk and firm value in Nigeria listed deposit money banks (DMBs).

Theoretical Foundation

One relevant theory for this study is the Stakeholder Theory, There are several ways to define stakeholders, but the traditional definition, first proposed by Freeman in 1984, states that "any group or individual who can affect or is affected by the achievement of the organization's objectives" is considered a stakeholder. To a more thorough viewpoint, stakeholders are people or organizations that have ownership, claim, right, and interest in the operations of the company—past, present, and future (Benn et al, 2016).

Benn et al. (2016) state that stakeholders are divided into primary and secondary categories according to their rights and interests. According to Argentona (2011), stakeholder theory is the ongoing relationship and trust that a corporation has with its stakeholders in order to achieve its goals, boost firm value, and enhance stakeholder welfare. He proposed that organizations should pay attention to issues that are salient to stakeholders and manage them proactively to maintain legitimacy and trust. Furthermore, Clarkson (1995) argued that organizations have responsibilities to stakeholders beyond legal and economic obligations. He proposed a framework for evaluating corporate social performance

based on stakeholders' interests and expectations.

Supporters stress the importance of stakeholder theory in directing corporate governance and social responsibility, while detractors claim it may weaken organizational focus and lead to strategic ambiguity. Stakeholder theory has been widely accepted despite critiques, and many organizations have adopted it as a guiding concept for long-term success (Akinrola et al., 2023). In conclusion, stakeholder theory offers an insightful viewpoint that goes beyond a limited focus on shareholder value, emphasizing the importance of skillfully managing connections with a wide range of stakeholders.

Research Design and Data

The study adopted an ex-post facto design to Assess the relationship between risk governance and firm value of listed deposit money banks in Nigeria. Ex-post facto design utilizes past events that cannot be modified by the researchers to investigate the impact of the independent variables on the dependent variables. The independent variables employed in the study are Audit Committee Risk, Technology Risk, and Board Committee Risk representing Risk Governance and the dependent variable, Tobin's Q.

The study relies exclusively on secondary data sourced from the annual reports and financial statements of listed deposit money banks in Nigeria from the year 2013 to 2022. The population for this study consists of all the listed deposit money banks in Nigeria. As of the most recent data, there are 22 deposit money banks listed on the Nigerian Stock Exchange (NGX). This figure is sourced from the official NGX website, which provides up-to-date information on the number of listed banks in Nigeria. While the Sample size for the study is fourteen banks (14) Purposive Sampling Technique were used to select the Sample Size. However, the study finally used eleven (11) deposit money banks as the sample size because they have available data for the several variables used in this study. In this secondary data study, the research instrument primarily comprises the financial statements and annual reports of the listed deposit money banks in Nigeria. These documents are systematically analyzed to extract relevant data pertaining to the variables of interest: risk governance practices and firm value indicators. The validity of the data is established through content validity and criterion validity. Content validity is ensured by using comprehensive financial statements and annual reports that cover all relevant aspects of risk governance and firm value. For the model specification this study adopted the Erin et al. (2018) model, which modified the Cavezzali and Garddenal (2015) model by adding the Enterprise Risk Management Score and the Board Risk Committee Independence (RMCI).

Results and Discussion

The study examines the impact of risk governance on firm value using data from listed deposit money banks in Nigeria between 2013 and 2022. Tobin's Q was used as the dependent variable representing firm value, while the independent variables included audit committee risk, technology risk, and board committee risk. Market capitalization was employed as a control variable. The analysis began with pooled least squares regression and diagnostic tests, including multicollinearity and heteroscedasticity assessments, to ensure the robustness of the model. The findings showed that technology risk had a significant positive impact on firm value, indicating that

banks with stronger ICT governance experienced better market valuations. Conversely, board committee risk negatively influenced firm value, suggesting that frequent meetings of risk committees may signal underlying governance issues. Audit committee risk had no significant effect on firm value.

The results highlighted the importance of ICT governance in enhancing firm value, while the effectiveness of audit and board committees in improving firm performance was less pronounced.

Descriptive Analysis

The researcher examines the descriptive statistics for both the explanatory or independent and dependent variables of interest. Each variable is examined based on the mean, standard deviation, maximum and minimum. Table 1 below displays the descriptive statistics for the study.

Table 4.1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
tobq	120	0.860	0.259	0.560	2.550
aucr	120	60.378	20.516	40.000	100.000
itrg	120	0.192	0.395	0.000	1.000
bcrs	120	4.575	1.850	0.000	11.000
mcap	120	8.094	0.582	6.730	9.060

Source: Researxher's Compilation (2024)

The descriptive statistics provide a summary of the data used in the study, offering insights into the central tendencies, dispersion, and range of the variables examined. The mean value of Tobin's Q (TOBQ), a proxy for firm value, is 0.860, with a standard deviation of 0.259, indicating moderate variability among the listed deposit money banks. The range of TOBQ spans from 0.560 to 2.550, suggesting that while most banks cluster around a similar firm value, a few banks exhibit significantly higher valuations, possibly due to better performance or market perceptions. The audit committee risk independence (AUCR) shows a mean of 60.378%, with a standard deviation of 20.516%. This indicates a substantial variation in the level of independence across the banks' audit committee risks, with some banks having highly independent committees (up to 100%) and others having much less independence (as low as 40%). The wide range suggests differing levels of governance practices, which could have implications for the effectiveness of oversight and, consequently, the firm value.

Technology risk (ITRG) has a mean of 0.192, with a standard deviation of 0.395. The minimum value of 0.000 and a maximum of 1.000 show that some banks do not disclose ICT governance practices at all, while others fully disclose them. The low mean value indicates that, on average, the level of ICT governance disclosure is minimal, which could reflect a lack of emphasis on or transparency in ICT governance among the banks during the study period. Board committee risk (BRCS) exhibit a mean of 4.575, with a standard deviation of 1.850. The number of meetings ranges from 0 to 11, highlighting considerable variability in how frequently these committees convene. Some banks have very active risk management committees, while others may not have met at all during certain periods.

The variation in meeting frequency might reflect differing levels of commitment to risk governance, which could influence the banks' risk profiles and firm value. Finally,

market capitalization (MCAP) has a mean log value of 8.094 and a standard deviation of 0.582, indicating that the market capitalization of these banks is relatively concentrated, with less extreme variability. The values range from 6.730 to 9.060, suggesting that while most banks are of similar size, there are some outliers with significantly larger or smaller market capitalizations. This concentration could imply that the sample includes a mix of well-established banks alongside smaller or newer ones, potentially affecting the generalizability of the findings across the entire banking sector.

Correlation Analysis

In examining the association among the variables, the study employs the Spearman rank Correlation Coefficient (correlation matrix), and the results are presented in the table below.

Table 4.2.1: Spearman's Rank Correlation

Variables	(1)	(2)	(3)	(4)	(5)
(1) tobq	1.000				
(2) aucr	0.015	1.000			
(3) itrg	0.175	0.122	1.000		
(4) bcrs	-0.121	0.043	0.135	1.000	
(5) mcap	0.028	0.017	0.391	0.024	1.000

Source: Researxher's Compilation (2024)

In the case of the correlation between the variables under study, the results in Table 4.2.1 show that there exists a weak positive association between the independent variable of audit committee risk independence (AUCR) (0.015) and the dependent variable of Tobin's Q (TOBQ) during the period under study. Similarly, the results indicate a weak positive association between the independent variable of technology risk (ITRG) (0.175) and TOBQ. However, there is a weak negative association between the independent variable of board committee risk (BRCS) (-0.121) and TOBQ during the period under study. Regarding the control variable, market capitalization (MCAP) exhibits a weak positive association with TOBQ (0.028), suggesting that as the market capitalization of the bank's increases, there might be a slight positive association with firm value as measured by Tobin's Q during the period under study.

Additionally, there is a weak positive association between MCAP and ITRG (0.391), indicating that larger banks may be more likely to disclose ICT governance information. The associations between the independent variables themselves are generally weak, with the highest correlation being between MCAP and ITRG (0.391). The results indicate the absence of multicollinearity, as all the associations between the variables are either weak or moderate. However, to confirm the absence of multicollinearity among the variables, a more robust check using the Variance Inflation Factor (VIF) test will be presented in the next sections.

Regression Analyses

Specifically, to examine the cause-effect relationships between the dependent variables and independent variables as well as to test the formulated hypotheses, the study used a robust regression analysis since the result reveal the presence of heteroscedasticity. The robust regression and an OLS pooled results obtained are presented and discussed below.

Table 4.3.1: Regression Results

Variables	(1) OLS	(2) Robust
aucr	-0.001	-0.000
	(0.554)	(0.205)
itrg	0.092	0.067***
	(0.143)	(0.002)
bcrs	-0.009	-0.012***
	(0.469)	(0.006)
mcap	-0.164***	0.011
	(0.000)	(0.447)
Intercept	2.253***	0.778***
	(0.000)	(0.000)
Observations	120.000	120.000
R^2	0.125	0.152
Year Dummy	No	No
Hettest	101.41{0.000}	
VIF	1.10	

*Notes: p-values are in parentheses. *** p<.01, ** p<.05*

Table 4.3.1 represents the results obtained from the estimation of the models using the OLS regression method. The results indicate that the dependent variable, as captured by the regression model, has an R-Square value of 0.125. This suggests that the independent and control variables in the study account for approximately 12.5% of the systematic variation in the dependent variable during the period under study. The remaining 87.5% of the variation is explained by other factors not included in the model, as indicated by the error term. The significance of the OLS model is further supported by the highly significant p-value associated with the control variable market capitalization (MCAP), which is significant at the 1% level (p<0.000). This underscores the relevance of the model in explaining the dependent variable. However, to further validate the estimates of the pooled OLS results, this study also tests multicollinearity and heteroscedasticity.

Discussions of Findings

The finding that audit committee risk has an insignificant effect on Tobin's Q, a measure of firm value for the listed deposit money banks in Nigeria, suggests that the presence of an independent audit committee risk does not necessarily translate into a higher firm value within this context. This result could imply that while the independence of the audit committee risk is often highlighted as a critical component of effective corporate governance, its direct influence on firm value might be limited or overshadowed by other factors within the Nigerian banking sector. The result aligns with the findings of Zemzem and Kacem (2019), who observed that the independence of audit committee risks does not always lead to enhanced firm performance, particularly in environments where governance structures are still evolving. Similarly, Mojtaba and Davoud (2017) found that in certain markets, the role of the audit committee risk might be more symbolic, lacking the actual authority or resources to influence firm outcomes significantly. However, this finding contradicts the results of studies like Mollah et al. (2019) and Ellul and Yerramilli (2017), which suggest that independent audit committee risks play a crucial role in mitigating risks and improving firm

performance, particularly in more developed markets. These studies argue that the independence of the audit committee risk can enhance oversight and reduce agency problems, leading to better financial outcomes. The divergence in findings could be attributed to differences in market maturity, regulatory environments, or the effectiveness of other governance mechanisms that interact with audit committee risk independence.

The positive effect of technology risk on Tobin's Q, as found in this study, highlights the growing importance of ICT governance in enhancing firm value, especially within the Nigerian banking sector. This finding suggests that banks that are more transparent and proactive in disclosing their ICT governance practices are likely to be viewed more favorably by the market, which translates into higher firm value. The result is consistent with the findings of Rahim et al. (2020) and Quen et al. (2017), who argue that ICT governance plays a critical role in safeguarding against technological risks and ensuring operational efficiency, which are increasingly valued by investors. This result is also in line with the work of Mongiardino and Plath (2015), who found that better governance in technology-related areas leads to improved firm performance, particularly in industries where technology plays a pivotal role in operations and strategic decisions. On the contrary, Cavezzali and Garddenal (2015) found that in some instances, excessive focus on ICT governance might lead to diminishing returns, especially if the costs of compliance and disclosure outweigh the perceived benefits. However, in the context of the Nigerian banking sector, the positive association observed in this study indicates that the benefits of ICT governance disclosure, in terms of enhanced market confidence and firm value, are significant.

The finding that an increase in the frequency of board committee risk is associated with a significant decrease in Tobin's Q is intriguing, as it suggests that more frequent meetings of the risk management committee do not necessarily equate to better firm value. This could imply that frequent meetings might be indicative of underlying issues within the bank that require constant attention, thereby signaling to the market that the firm is struggling with its risk management processes. This result aligns with the findings of Quen et al. (2012) and Aebi et al. (2016), who found that in some cases, frequent meetings might reflect reactive rather than proactive risk management, which could negatively impact investor perceptions and firm value. Conversely, this finding stands in contrast to the results of Ellul and Yerramilli (2017) and Mollah et al. (2019), who found that active risk management, as reflected by frequent committee meetings, typically leads to better risk mitigation and, consequently, higher firm value. These studies argue that a more engaged risk management committee is better equipped to identify and address potential risks before they materialize into significant issues. The negative association observed in the current study could be specific to the Nigerian banking context, where frequent meetings might be symptomatic of ongoing challenges rather than a robust risk management culture.

Conclusion and Recommendation

The main problem addressed by this study is the limited understanding of how risk governance mechanisms impact the firm value of listed deposit money banks in Nigeria. Specifically, the study aimed to investigate the effects of audit committee risk independence, technology risk, and board committee risk on firm value, as

measured by Tobin's Q, during the period from 2013 to 2022. The key findings of the study reveal that audit committee risk independence does not have a significant effect on firm value, suggesting that the current practices related to audit committee risks may not be effectively contributing to enhancing the value of these banks. On the other hand, technology risk was found to have a significant positive effect on firm value, highlighting the importance of transparency and proactive governance in ICT-related areas. Conversely, the study found that an increase in the frequency of board committee risk negatively impacts firm value, which could indicate that more frequent meetings may be a sign of ongoing issues rather than effective risk management. The key takeaway from this study is that while some aspects of risk governance are crucial for enhancing firm value, others may require reevaluation or more effective implementation to truly benefit the firm.

Based on the study's findings, it is recommended that corporate managers, directors, and stakeholders take a nuanced approach to risk governance in Nigeria's banking sector. For audit committee risk, while independence did not significantly impact firm value, it is crucial that audit committees are also skilled and well-resourced. Technology risk had a positive effect on firm value, and banks should prioritize transparency in ICT governance disclosures, with regulators encouraging detailed reporting to boost market confidence. In contrast, board committee risk had a negative impact, indicating that frequent meetings may signal unresolved issues rather than proactive management. Focus should shift from meeting frequency to the effectiveness of these meetings in resolving risks.

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