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MODERATING ROLE OF EXECUTIVE OWNERSHIP ON THE RELATIONSHIP BETWEEN RISK MANAGEMENT COMMITTEE ATTRIBUTES AND FINANCIAL PERFORMANCE OF LISTED FINANCIAL FIRMS IN NIGERIA

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ABSTRACT

The moderating role of executive ownership on the nexus between attributes of risk management committee and financial performance of financial service firms in Nigeria was investigated after collecting data from 41 listed financial service institutions covering 14 years period (2009–2022). The sample of the study consists of 41 listed financial service institutions. The study adopted ex-post facto research design and used regression as a tool of analysis. This inquiry uncovered facts that executive ownership among financial service firms listed in Nigeria has significant role on the nexus between risk management committee attributes and financial performance. Hence, the result has proved that risk management committee may face stringent monitoring in order to ensure compliance with rules and regulation in managing risk when risk management committee size, risk management committee independence and risk management committee financial expertise are collaborated with executive ownership of the firms. Such superior monitoring may influence the committee members of risk management to act professionally and in the best interest of both the company and its shareholders. The findings show that executive ownership interaction with committee size of risk management has significant negative effect on return on equity while the interaction between executive ownership with risk management independence and risk management financial expertise revealed a significant positive effect on financial performance. The study recommends among others that the composition of risk management committee of financial service establishment in Nigeria should consist of company managers who are stockholders of the company before their nomination into the committee.

Keyword: **Financial Performance, Risk Management Committee Attributes, Financial Service Firms, Nigeria.**

1. INTRODUCTION

The financial scandals that resulted to the collapse of giant companies around the globe have necessitated the need for sound corporate governance (CG) practices that are functional and beneficial for shareholders, potential investors, managers and other stakeholders with sole objective of enhancing the overall corporate performance. However, for countries to experience sound CG many of them came up with guidelines and recommendations that encompasses duties and responsibilities of board and its committees' in ensuring the adequacy of company's internal control system, ethics and integrity of both management and company employees as well as the respect of rule of law and discipline which are the key success factor in any organization.

The boards of directors of listed financial service firms are expected to review the risk management system on a regular basis, and report to shareholders on the system effectiveness. The CG Code requires the audit committee and risk management committee to review the risk management system at least on quarterly basis and report to the board and the shareholders on current position of the entity. As a consequence of financial crises across the globe, listed firms have strategized by paying more attention to risk management. This strategy symbolizes mitigating or at most minimizing the business risk w99hich has directs impact on an entity financial performance. Business entities are meant to maximize shareholders' wealth as such at any point in time they seek to make better their performances as much as possible. Hence, evaluating the company performance has constantly been of interest to all the company's stakeholders. Furthermore, assessing firm performance in the current economic and competitive environment is crucial and necessary for managers, professional and researchers. Consequently, risk management committees (RMC) have been identified as an inevitable components that drives a firms' success as reported from several studies (Alduneibat, 2023; Akpan & David, 2022; Bensaid & Mustapa 2021; Adaeze, 2021; Fali &Okika 2020 and Musallam, 2020).

Financial performance (FP) is used to ascertain the success of a business entity against spelt out benchmark. The sole aim of establishing the RMC is to ensure that the financial fortune of the firm do not deteriorate due to both known and unknown risk. RMC provides more opportunities for the committee and managers with the required skills and expertise to systematize and manage the company risk (Bensaid & Mustapa 2021). In addition, Ramlee and Ahmad (2020) documented that the responsibilities of RMC changed from the traditional reviewing and categorization of risk to approving company risk strategies and providing assurance on the risk management process.

Past examinations have contended that RMC have significant influence on FP (Agbaje et al. 2024; Musa & Tahir, 2024; Musallam, 2020; Fali & Okika 2020 and Boudiab & Ishak, 2020). However, the repercussions of RMC attributes have been extensively examined across economies. This investigation differs from the earlier research given that it considered the entire listed financial service firms in Nigeria and this paper is the first research of its kind that investigates the moderating role of management ownership on the relationship between RMC attributes and FP of listed financial service companies in Nigeria.

The findings from numerous investigations have documented a mixed result with some reporting positive and significant effect of RMC attributes on FP while other researchers have documented a significant negative relationship or no relationship respectively between the variables. Studies such as Musa & Tahir (2024); Alduneibat (2023); Akpan & David (2022); Vignus*et al*., (2021), Bensaid & Mustapa (2021) and Kallamu (2015) investigated the effect of RMC characteristics on FP of companies in Nigeria. While Alduneibat, (2022), Vignus*et al*., (2021), Musallam, (2020) and Kallamu (2015) reported a positive relationship between RMCI and FP Akpan & David. (2022) and Fali & Okika (2020) documented a negative relationship between RMCI and FP. The nexus between RMCS and FP uncovered a negative and insignificant by Akpan& David (2022) and Fali &Okika (2020) while Alduneibat (2023) pinpointed a direct significant influence of RMCS on FP, Vignus*et al*., (2021) discovered a positive insignificant effect of RMCS on FP. Also, the studies conducted by Alduneibat (2023) and Adaeze (2021) posited a positive and significant effect of RMCE on FP while Vignus*et al*., (2021) and Fali & Okika (2020) findings shows a positive insignificant and negative significant effect of RMCE on FP respectively.

The stake holding by management of listed firms helps in providing effective monitoring mechanism to curtail the manipulation of accounts by the managers. Although, the effectiveness of managers in providing monitoring role is a function of their percentage holdings in the firm, however, if the holding is not significant enough, the workability of CG in respect of monitoring mechanism and sustenance of steady and improved FP might be far from being achievable. Similarly, from theoretical point of view, the separation of ownership from control increases agency cost and predict that if more shares are given to the insiders the issue of conflict would be drastically reduced.

2. Literature review and hypotheses Development

2.1 Financial Performance

Firm's financial performance is one of the essential premiums that are utilized in attracting both the existing and potential investors' attention to a business. The financial performance of an entity is commonly used to ascertain the effectiveness of management's policies and in essence, the management's activities and its information is also utilized by the stakeholders in the financial reporting circle to make an informed economic decisions (Ramlee & Ahmad, 2020). In another word, Laux and Laux, (2019) described Financial performance as an entire appraisal of an entity's net position under heading of profitability, revenue, expenses, equity, assets and liabilities. For the purpose of internal use, financial performance is used to find out the wellbeing of the firm against specified benchmark.

2.2 Risk Management Committee

Risk management committee could be described as a committee set up by the company's' board in order to guide and monitor the risk management policy in addition to the overall management framework of on entity. This committee collaborates with company board in achieving its control function in relation to the identification, evaluation, mitigation or minimizing all the associated business risk. Taken as a whole, the committee has the responsibility of monitoring and approving the risk policies and associated practices of the institutions. The said committee will comprise of not less than 3 members which are predominantly non-executive directors and they are expected to serve for a period of three years. The committee is mandated to meet on quarterly basis minimally in a year to review and approve the risk management policies and take appropriate remedial measures to alleviate the exposure promptly. Akeju and Babatunde (2017) posited that the activities of RMC and practices regarding risk management issues strongly and widely differs, this might be connected to the nature, size and complexities of the company's business, the sector in which it operates, the current local and international economic and financial environment, and relative expertise and previous experience of risk management.

Some researches shows that the risk management committees have effectively been playing their statutory role in controlling, detecting, and preventing of all associated risk particularly the financial risk (Abdullah & Valentine, 2019). Also, Yusuf (2018) found that the existence of stand-alone risk management committees has a direct effect on risk management disclosure and lower financial crime incidences. In addition to that Alduneibat (2023) and Adaeze (2021) suggested that, companies that have a stand-alone risk management committees have greater chance of monitoring risk and can devout their resources in evaluating an entity's risk appetite, risk profile as well as substantiating the firm's internal controls.

According to agency theory proposition, Bensaid & Mustapa (2021) suggests that the separation of RMC is expected to strengthen the board monitoring of the financial institution and caution managers from engaging in unethical operations and tendencies. Furthermore, the resources dependency theory (RDT) proposition opined that the RMC as a board sub-committee are anticipated to provide additional resources and skills with sole aim of minimizing the agency problems and at the same time improve the company reporting earnings.

2.3 Risk Management committee Size and Financial Performance

The size of RMC refers to the volume of people appointed to serve in the committee at any point in time. The sole aim is to stick to the recommendation of the Nigerian revised corporate governance code of 2018, which stipulates that the company board should set up a risk management committee, the code did not specify or mandate the size of the committee. Klai and Omri, (2021) suggested that risk management committee size indicates the company's willingness to invest firm's resources in order to increase corporate risk mitigation stature and influence of the committee. Also, Roberts et al (2020) and Kallamu et al, 2016 said that large committee size would facilitate better skills, vast experiences and diverse knowledge in monitoring and solving the enterprise wide-array of risks.

Minton, et al (2021) posited that sizeable committee proffers better guidance to management. While Florio and Leoni (2017) supported that a larger committee size enhances a company's ability to understand and respond to diverse stakeholders and is more resolute in manipulating and resolving issues promptly as compared to committee with small size. Put differently, larger committee of risk management affords them more opportunity for monitoring function alongside various expertise and skills. Conversely, some views are that smaller committee size performs better through facilitating shorter communication means among themselves which inevitably increase efficiency of the committee in particular and board in general decision making.

Musa and Tahir (2024) examined the influence of risk management committee attributes on financial performance among listed financial service firms in Nigeria for the period 2009 to 2022 using ex-post facto research design. The results deducted from the analysis show that risk management committee size has negative significant effect on FP among listed financial service firms in Nigeria. Conversely, Akpan and David (2022) investigated risk management and FP using 18 Nigerian DMBs as the sample. The study adopted correlational research design using secondary data collected from annual reports and accounts of the selected firms. Diagnostic tests for heteroscedasticity and autocorrelation was conducted and using OLS analysis, an insignificant inverse relationship between firms' RMCS and FP was uncovered in the Nigerian banking sector. In addition to that, Boudiab and Ishak, (2020) investigated the influence of RMCS on FP of Malaysia's Non-financial firms using ex-post facto research design for the years 2016-2018 for a total sample of 1,728 observations. The result from the analysis shows a significant inverse relationship between the explanatory variable (RMCS) and the explained variable (FP).

However, Kakanda et al. (2017) assessed the influence of RMC characteristics on FPin Nigeria by adopting ex-post facto research design using 45 banks and non-bank financial institutions in Nigeria for the periods of 2012 to 2016. Their investigation revealed that RMCS has positive and significant effect on FP. Therefore, we hypothesized that:

H01: Risk management committee size has no significant effect on financial performance of listed financial service firms in Nigeria.

2.4 Risk management Committee Independence and Financial Performance

The independence of RMC simply denotes to the percentage of non-executive directors on the committee to the entire committee delegates. The Corporate Governance Code (2018) explicitly stipulated that board committees of listed firms in Nigeria should have non-executive directors as majority and at the same time to be chaired by one of them in order for the committee to remain independent. The agency theory suggested that having independent directors in an entity strengthen its CG which directly influence the firm's performance. In addition, Walker (2019) asserts that, for the fact that the non-executive directors are not fully employed by the firms and their career progression has no attachment to the company, this provide them with absolute freedom to make sound decisions, more efficient and in the best interest of company's shareholders.

Previous studies on risk management committee have posited that independent directors of a RMC are likely to improve the firm's FP (Musa & Tahir, 2024; Ramlee & Ahmed, 2020; Hussaini & Saiful, 2017; Kakanda et al., 2017 and Chou & Buchdadi, 2017). In Nigeria, Lamidi et al. (2022) assessed the influence of RMC attributes on FP of DMBs, the research strategy used was correlational design using secondary data of 13 listed DMBs and regression was used in analyzing the data. The study found that independent RMC negatively influenced the FP of listed DMBs in Nigeria. Also, Akpan and David (2022) analyzed the effectiveness of RMCI on the FP of 18 Nigerian DMBs using a correlational research design. The result revealed that independent RMC has an inverse negligible impact on FP of listed DMBs in Nigeria.

In 2018, Abubakar et al. explored the impact of RMCI on FP among the Nigerian listed DMBs that constituted a sum of fourteen (14) banks listed on the Nigerian Exchange group for a period of three years from 2014- 2016 by adopting ex-post facto research design. Random effect was adopted in analyzing the data. The results of the study reveal that RMCI exhibit a significant negative effect on financial performance proxied by ROA. On the other hand, Wu, et al. (2016) examined the roles of RMCI on corporate efficiency using correlational research design. The data of the study was collected from 34 insurance companies, the study findings suggest that risk management committee independence has significant positive effect on the firms' efficiency.

However, Elamer and Benyazid (2018) investigated the effect of risk committee attributes on FP among UK financial service firms throughout 2010 – 2014 by adopting correlational research design covering a total of 115 financial service firms. ROE was used as a proxy of FP. The result of regression analysis indicates that RMCI has inverse effect on FP among financial institutions in UK. Also, Husaini and Saiful (2017) examine the effect of CG and risk management on firm value listed on Indonesian public listed companies on sampled 110 companies 2010 to 2013 by applying single-stage cluster sampling technique and measured CG with boards size, independent audit committee, independent of board, size of audit committee, meetings of audit committee and executive ownership. The research strategy used was the Ex-post facto design. Also, regression, correlation and descriptive statistics was utilized as tools of analysis. The study deduced that implementation of ERM has positive effect on BS and BI which increases firm value but executive ownership has inverse effect on firm value. Based on this submission, it is hypothesized that:

H02: Risk management committee independence has no significant effect on financial performance among listed financial service firms in Nigeria.

2.5 Risk management Committee Financial Expertise and Financial Performance

The accounting and financial expertise as well as experiences of risk management committee members of a firm was found to be necessary as they assist the committee in making sound decisions that can yield a better FP (Aldhamari et al., 2020). Musa and Tahir (2024) assessed the effect of RMCE on FP among the Nigerian listed financial firms for the period 2009 – 2022 using ex- post facto research design. The sample of the study consists of 41 listed financial service firms. The result obtained from the regression analysis show that risk management committee financial expertise has negative and significant effect on financial performance among listed financial service firms in Nigeria.

Aldhamari, *et al.* (2020) investigates the effects of the RMCs effectiveness on FP among Malaysian listed financial firms for the period 2004 to 2018. The results derived from the analysis indicated that presence of financial expert as a member in risk management committee has a considerable significant impact on FP among listed financial firms of Malaysia. Also, Ramlee and Ahmed (2020) examined the effect of risk management committee characteristics on firm performance of 74 Malaysian non-financial firms by employing a quantitative approach using correlational design in which data were collected from corporate annual reports from 2009 to 2016 which is equivalent to 592 firm years. The result from the analysis shows that RMCE has direct significant effect on firm's performance.

Financial and accounting expertise are features that a committee member obtained prior to his board committee membership. This study supports the noble idea that inclusion of financial expert in RMC will enhance the overall performance of the committee which in turn positively affect the financial performance. Even though up to this moment, there is no legal or regulatory pronouncement that makes the inclusion of a financial expert into RMC mandatory. In addition, a rational potential investor tend to invest in companies that have significant number of experts as board members. The members of RMCs that are equipped with the appropriate qualifications and experiences are capable of identifying and promptly addressing the corporation's problems.

Al-Hadi, *et al.* (2016) using correlational design examined the effect of whether having a financial expert in the RMC is associated with market risk disclosures and firm life cycle stages. The study used a total sample of 677 observations derived from gulf council cooperation for the period 2007 to 2011. The study documented that expertise and qualified membership in the RMC can result to firms' value addition by mitigating uncertainties and taking sound decisions in resolving business's challenges and problems. Similarly, Emanating from this argument, the study hypothesized that:

H03: Risk Management Committee Financial Expertise has no Significant Effect on Financial Performance among listed Financial Service Firms in Nigeria.

2.6 Executive Ownership and Financial Performance

As stated by Jensen and Meckling (1976), executive holdings in a firm helps to reduce agency problems and raise corporate performance by reducing personal fringe benefits. The ownership of company's managers provides them with propulsion in ensuring that the company is effectively monitored and run in an efficient manner. Hence, executive ownership is likely to be essential in small, moderate and large-sized companies. This is due to the fact that either the executive ownership in a company is direct or indirect, still their decisions will be tailored towards profit maximization which eventually resulted to their wealth maximization. Im and Chung (2017) documented an inverse relationship between executive ownership and FP.

Alkurdi et al. (2021) examined the effect of executive ownership on financial performance of 61 firms, with 427 observations among Jordanian firms for the period 2012 to 2018 using ex-post facto design, the tool utilized for the purpose of data analysis was regression technique and after considering the hausman specification result, the study opted for fixed effect regression. The first market firms listed on the Amman Stock Exchange constituted the sample in the study. The result obtained from data analysis reveals a negative and significant relationship between executive ownership and ROA.

On the other hand, Hamza and Suman (2018) in India examine the effect of executive ownership on company financial performance covering 50 companies that comprises Textiles, oil marketing and distribution, movies and entertainment industries registered in Bombay stock exchange for the period 2011 -2015. The study adopted used correlational design in which data were obtained from secondary source. Regression was used as a tool of analysis. The outcome of the analysis signals that executive ownership has positive insignificant effect on ROA. Therefore, the study hypothesized that:

H04. Executive ownership has no significant effect on financial performance among listed financial service firms in Nigeria.

3. Methodology

The research design for this study was an ex-post facto and the population was made up of all 53 listed financial service firms listed on the floor of the Nigerian Exchange Group from 2009 to 2022. Also, for a firm to remain in the sample of the study it must have all its data available throughout the period under study, considering that twelve (12) firms did not meet the requirement. Thus 41 out of 53 firms have satisfied this criterion. Therefore, the study adopted census approach in which all the 41firms were used in the investigation. The research hypotheses were tested based on the output of panel multiple regression, given the panel nature and in conformity with previous empirical studies. Also, multicollinearity and heteroscedasticity was conducted.

3.2 Variable Measurements

Variable Type	Variable Name	Measurement	Source
Dependent	Return on Equity	Proportion of Net Income to shareholder Equity	Ramlee & Ahmed, 2015
Independent	Risk Management Committee Size	Number of Risk management Committee Members	Kallamu, 2015; Ramlee and Ahmed, 2020
Independent	Risk Management Committee Independence	Proportion of independent and non-executive directors to the total committee members	Adeize, 2021; Elamer & Benyazid, 2018
Independent	Risk Management Committee Financial Expertise of	Proportion of members with finance and Accounting knowledge to the whole committee members	Fali and Okika, 2021; Malik, 2017
Moderating	Executive Ownership	Proportion of executive shareholding to the total shareholding	Hamza and Suman, 2018
Control	Firm Size	Natural Log. of Total Assets	Musallam, 2020

Source: Author's Compilation from Literature, 2024

3.2 Model Specification

The following equations represent the models of the study:

$$FP = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \cdots + \beta_n X_n \text{...} (1)$$

$$ROEit = \beta_0 + \beta_1 RMCS_{it} + \beta_2 RMCI_{it} + \beta_3 RMCE_{it} + \beta_4 MOWN_{it} + \beta_5 FSIZ_{it} + \mu_{it} \quad \ldots (2)$$

$$ROE_{it} = \beta_0 + \beta_1 RMCS_{it} + \beta_2 RMCI_{it} + \beta_3 RMCE_{it} + \beta_4 MOWN_{it} + + \beta_5 RMCS_{it} * MOWN_{it} + \beta_6 RMCI_{it} * MOWN_{it} + \beta_7 RMCE_{it} * MOWN_{it} + \beta_8 FSIZ_{it} + \mu_{it} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (3)$$

Where:

β0	=	Beta (Constant)
β1 - 4	=	Beta (Coefficients)
i	=	Firms
t	=	Time Measured in Years
ROE	=	Return on Equity
RMCS	=	Risk Management Committee Size
RMCI	=	Risk Management Committee Independence
RMCE	=	Risk Management Committee Financial Expertise
FSIZ	=	Firm Size
□	=	Error Term

4.0 Data analysis, interpretation and discussion of findings

4.1 Descriptive Statistics

Descriptive statistics was used to warrant the reader to understand the data distinctive characteristics in terms of mean, standard deviation, minimum and maximum values, and Table 2 depicts the summary statistics.

Table 2: ***Descriptive Statistics***

	ROE	RMCS	RMCI	RMCE	MOWN	FSIZ
Mean	0.1160	5.9390	0.4994	0.4365	0.0453	8.3160
Maximum	0.3268	6.0000	1.0000	0.8333	0.5520	9.7200
Minimum	0.0072	4.0000	0.1667	0.1667	0.0000	7.0127
Std. Dev.	0.0717	0.3205	0.1058	0.1356	0.0788	0.5224

Source: Stata output (2024)

Table 2. Detailed the descriptive statistics, the mean and standard deviation values of ROE are 0.1160 and 0.0717 respectively while0.0072 and0.3268 represents the minimum and values of ROE signifying that the firms' ROE are relatively low, others maintain a steady financial performance within the study period. RMCS, RMCIRMCE and MOWN have a minimum of 4, 16.67%, 16.7% and 0%, respectively and maximum values of 100%, 50%, 83.3% and 55%, respectively. This pin down that some firms have all members of the risk committee as non-executive directors. On average, the risk committee is not strongly independent (50%) and with financial expertise having recorded 43.65% and maximum of 83.3%, respectively. The standard deviations indicate a lesser spread in the data, which is indicative of similarity among the listed financial service institutions in Nigeria. The moderating and control variables of executive ownership (MOWN) and firm size (FSIZ) showed that on average, the listed financial service institution record a value of 4.5% and 8.34 respectively. However, records during the period points to the fact that executive ownership and firm size reached highest value of 55.2% and 9.89 respectively.

4.3 Correlation Analysis

The correlation analysis below reported the association between the explanatory and the explained variables along with the relationship among the pairs of explanatory variables themselves. The analysis provide a basis of determining the degree or extent of relationship among all independent variables as unduly correlation could result to multicollinearity, which could consequently lead to a misleading findings and conclusions. Table 2 presents the output of correlation analysis.

Table 3: Correlation Matrix

Variables	ROE	RMCS	RMCI	RMCG	RMCE	FSIZ
ROE	1.000					
RMCS	- 0.176	1.000				
RMCI	0.105	-0.402	1.000			
RMCE	-0.012	-0.108	0.048	1.000		
MOWN	0.011	- 0.048	- 0.039	0.183	1.000	
FSIZ	0.149	-0.194	0.172	0.072	0.171	1.000

Source: Stata Output 2024

From Table 3, the variables RMCS and RMCE are inversely associated to ROE while the association between RMCI, MOWN and FSIZ and ROE shows positive. However, RMCS, RMCE, RMCI, MOWN and FSIZ have no vigorous correlation among themselves. This suggested the meagerness or absence of possible multicollinearity between independent variables. However, a further test of multicollinearity would be undertaken to reconfirm the presence or absence of multicollinearity.

4.2 Diagnostic Tests

This study evaluated for the existence of multicollinearity with the aid of VIF and the tolerance value. The results proved of lack of multicollinearity among the explanatory with The highest VIF was 1.23, while the mean VIF was found to be 1.13 which confirmed the absence of multicollinearity as presented previously by correlation matrix. The rule is that if the variable havetolerance value under 0.1 and VIF value more than ten, substantiate the existence of excessive multicollinearity. Tolerance value and VIF of less than 1 and 10 respectively confirm the insufficiency of harmful multicollinearity.

The complete result of the multicollinearity test was attached as appendix. Similarly, the result of heteroscedasticity justifies that the p-value is significant at 5% level with chi-square value of 5.23 suggesting an evidence of heteroscedasticity. Hence, Generalized Least Square (GLS) is required since OLS assumptions concerning homoscedasticity failed.

The regression analysis results of the models are presented below:

Table 4: Regression Results

Variable	Coefficient	T-Value	Prob.
Constant	-0.1700	1.92	0.056
RMCS	-0.0328	-3.21	0.001
RMCI	0.0183	0.59	0.554
RMCE	-0.0196	-0.87	0.382
MOWN	-0.0079	-0.20	0.838
FSIZ	0.0168	2.80	0.05
RMCSOWN	-0.1355	-3.75	0.000
RMCIOWN	1.2254	3.63	0.000
RMCEOWN	0.4562	2.01	0.045
R^2	0.026	0.047	
F-Value	4.99	5.52	
Prob> F		0.002	

Source: Stata Output 2024

From table 4 the summarized models and estimated regression relationship, substituting the coefficient of the variable in regression equations gives the following:

Model 1 equation:

ROE= 0.1700 -0.0328RMCS+ 0.0183RMCI -0.0196RMCE– 0.00798MOWN+ 0.0169FSIZ

Model 2 equation:
ROE= -0.1700-0.0328RMCS+ 0.0183RMCI -0.0196RMCE– 0.00798MOWN- 0.1355RMCSOWN+ 1.225RMCIOWN + 0.456RMCEOWN+ 0.0168FSIZ (Moderated Model)

Table 4 reveals R^2 of 4.7% and 2.61% respectively. The values which depicted the coefficient of multiple determinations of both models imply that 2.6%and 4.7% of the total variation in the outcome variable (Financial performance) of the firms under study is jointly explained by the selected variables of the studies. In addition, The F-statistics values of5.52 and 4.99 respectively that are significant at 1% and 5% respectively points that the 2 models are fit to spell out the relationship expressed in the study models and further suggest that the explanatory variables selected and used in a suitable manner.

Risk Management Committee Size and Financial Performance

Results of Model 1, Table 4 (coefficient -0.0328, t-value -3.21, P-value 0.001) which implies that there is a statistically significant negative relationship between RMCS and FP. The coefficient (-0.033) indicates that for every additional member on the risk management committee, financial performance decreases by 0.033 units. The study therefore rejects the H01 which proclaims that RMCS has no significant effect on FP among listed financial service firms in Nigeria. The findings corroborate with that of Boudiab and Ishak, (2020) who also submitted that RMCS negatively affects FP. However, this is in contrast to the findings of Kakandaet al (2017), Akpan and David (2022) who reported positive and significant and negative insignificant effect between RMCS and FP respectively.

The results in Model 2, table 4 (coefficient value -0.1335, T-value -3.75, P-value 0.000) signifies That MOWN has significant moderating effect on RMCS and FP association. Therefore, we reject the null hypothesis which states that executive ownership has no great moderating influence on the nexus between RMCS and FP among listed financial institutions in Nigeria. The finding of this study verified that executive investors as moderator considerably impacted the RMCS and FP relationship.

Risk Management Committee Independence and Financial Performance

The results reveals that there is positive insignificant relationship between risk management committee independence (RMCI) and FP as indicated by the coefficient 0.183, T-value 0.59, P-value 0.554 as depicted in Table 4. It implies that RMCI has no effect on FP. Based on the result, the study failed to accept H02 which states that RMCI has no significant effect on FP among listed financial firms in Nigeria. The result is at variance with that of Abubakar et al. (2018) and Wu, et al. (2016) who documented a significant inverse and direct relationship between RMCI and FP respectively. However, the outcome of the study is in line with that of Akpan and David (2022).

Notwithstanding, the interacting effect of MOWN on the nexus between RMCI and FP in Model 2, revealed a coefficient of (1.2255, T-value 3.63, P-value 0.000). The result shows that a MOWN interaction with RMCI indicates a significant direct effect on RMCI and FP at 1% significant level. This provides the justification for rejecting the null hypothesis which proposes that MOWN has no significant moderating influence on the link between RMCI and FP among listed financial service firms in Nigeria.

Risk Management Committee Financial Expertise and Financial Performance

The result in table 4 depicts that RMCE of the listed financial firms has a coefficient of -0.0196, T-value of -0.87 with P-value 0.382 signifying a negative insignificant relationship between RMCE and FP. The result connotes that RMCE has no effect on FP. This study outcome contradicts the report of Ramlee and Ahmed (2020) who found a significant positive relationship between RMCI and FP in Malaysia. This finding provide sufficient evidence for failing to reject null hypothesis that RMCI has no significant effect on FP among listed financial firms in Nigeria.

On the other hand, the moderating effect of MOWN on the relationship between RMCE and FP in Model 2, revealed a coefficient of 0.4562, T-value 2.01, P-value 0.045. The result suggests that MOWN moderates the relationship between risk management committee financial expertise and FP. The p-value (0.045) indicates that the probability of observing moderation effect by chance is considerably low (less than 5%) suggesting that the result is statistically significant. Practically, this result might implies that when executive ownership is high, the positive effect risk management committee financial expertise on financial performance will be amplified signifying that executive ownership can enhance the effectiveness of risk management committee financial expertise. This provides the justification for rejecting the null hypothesis which proposes that MOWN has no significant moderating influence on the relationship between RMCE and FP among listed financial service firms in Nigeria. This study, thus, fails to reject the hypothesis which assumed that MOWN has no significant influence on the relationship between RMCE and FP.

5. Conclusion and Recommendations

This study investigated the moderating consequence of executive ownership on the relationship between RMC attributes and FP among listed financial service institutions in Nigeria. The study analyzed the balanced panel data of 41 Nigerian listed financial service firms for 14 years (2009-2022) using regression technique. This inquiry provides proof that higher levels of executive ownership significantly influence RMCS, RMCI and RMCE of the firms. Furthermore, our analysis provides new insight on the MOWN interaction on the nexus between RMC attributes and FP in the following ways. Firstly, the evidence from this examination demonstrated that the interaction between MOWN and RMC attributes might serve as a viable corporate governance mechanism that can reduce the agency cost as well as improving FP of listed financial service institutions. Likewise, this investigation brings to the existing studies a fresh perspective on the moderating influence of executive ownership. Most importantly, proof stemming from this research has some implications on the policy decisions of the Nigerian listed financial service firms. Firms should encourage executive ownership and equally regulatory authorities in Nigeria such as SEC should come out with a policy that will mandate executive ownership.

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