

Risk Committee Effectiveness and Financial Performance Indicator of Quoted Firms in Selected African Countries

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How to cite this paper: Odubuasi, A. C., Ofor, N. T., & Ugbah, A. (2022). Risk Committee Effectiveness and Financial Performance Indicator of Quoted Firms in Selected African Countries. *Journal of Financial Risk Management*, 11, 634-647. <https://doi.org/10.4236/jfrm.2022.113030>

Received: April 24, 2022

Accepted: August 27, 2022

Published: August 30, 2022

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Abstract

The rise in contemporary risk and the resultant corporate failures has necessitated the need for the required attributes of risk committee that would minimize risk of firms. To this end, this study was set to find out the effect of risk committee effectiveness (RCE) on financial successes of quoted banks in selected three African countries. The study spanned from 2009 to 2018. The study focused specifically on risk committee diligence, committee composition, committee diversity, committee expertise, committee size and return on equity (ROE) of the countries selected from Africa namely Nigeria, South Africa and Ghana. More so, we controlled for financial leverage. Ex post facto research design was adopted for the study and panel data in relation to the study were sourced from the annual reports of the chosen banks in the selected countries. The study patterned after the fixed effect model (FEM) since the Hausman test supports the FEM. The FEM reported that the effect of RCE diligence and RCE compositions on bank performance in Nigeria, South Africa and Ghana is highly significant statistically at 5% level. Hence, the study concludes that RCE vis-à-vis risk committee diligence, committee compositions and leverage factors should be pivotal to the formulation of risk management committee of organisations.

Keywords

Risk Committee Diligence, Risk Committee Composition, Risk Committee Gender Diversity, Risk Committee Expertise, Risk Committee Size

1. Introduction

Risk is fundamentally what businesses must deal with before coming out a successful venture. A business that takes no risk is invariably a business that knows no success. That's why *Kopia, Just, Geldmacher and Bubian (2017)* opine that risks occur every day for people and also for companies. In other words, business should have to accept risks within its risk appetite. Risk is seen as the variation from the expected, which in turn leads to uncertainty in acquiring organization's objectives. However, today's businesses are confronted by varied contemporary risks like forces of globalization, regulatory uncertainty, complex business environment, competition and technological pressures; increase in international capital mobility, proliferation of complex financial products and increase in financial transaction volumes (*Onder & Ergin, 2012*); Currency and commodity market volatility, with accompanying uncertainty about the path of monetary policy of certain dominating economies, have put developing markets at risk (*Teoh, Lee, & Muthuveloo, 2017*). Nonetheless, the scope of risks highlighted above, has additional risk burden on business organisations and they ultimately exist to reduce the shareholders' value (*Ahmed & Manab, 2016; Altanashat, Duba, & Alhety, 2019*).

The knowledge of the existence of these risks has no doubt set in motion the need to adequately structure the management of the risks of the organisation. In essence, these problems needed to be tackled and brought into the limelight the challenges of management of risk (*Rostami et al., 2015*). However, risk management was part of function performed by audit committee (*Elamer & Benyazid, 2018*), but because of the complex business environment with its attendant complex corporate risks, which led to several corporate failures including the collapse of Enron and WorldCom in USA (*Quon, Zenghal, & Maingot, 2012*), makes it inevitable to strengthen corporate governance mechanism, and there came a recommendation to have a separate committee at board level to manage risks.

According to *Ibrahim, Okika, Yunusa, and Janada (2020)*, a risk committee is entrusted with overseeing an entity's risk management process, so as to create a solid risk management framework. Furthermore, the necessary skills, expertise, and time needed to handle the complex emerging risks could not fit into the over-burdened responsibilities of audit committees, and this created a demand for having an autonomous committee that manages risks (*Battaglia, Gallo, & Graziano, 2014*). As a result, the Risk Management Committee (RCE) has become an essential corporate governance instrument for managing, mitigating, and raising risk awareness within the organization. Nonetheless, it is uncertain if the administration of firms' risk by the autonomous RCE has reduced the risk of the enterprise and/or improved its performance. Hence, this study was set to ascertain the impact of having a RCE on the ability of the business entity to make a profit.

2. Literature Review and Research Hypotheses

The Risk Management Committee (RCE) is the board's subcommittee that is

empowered to handle all the risks factors of the enterprise. The institution of RCE was necessitated when the board's subcommittee on audit could no longer cope with its enormous tasks of risk management, maintenance of internal governance and overseeing financial reporting, which made them unable to manage emerging risks of the organization (Choi, 2013; Clark, De Martinis, & Krambia-Kapardis, 2007). Similarly, Halim et al. (2017) described RCE as the board of commissioners that is engaged in the enforcement of supervisory roles in controlling the risks of the organisation. Ibrahim, Okika, Yunusa and Janada (2020) add that the RCE is empowered to handle risk management system of the business, so that an efficient risk management mechanism could be established. Hence, RCE effectiveness emphasizes the features that promote proficiency in operations of the RCE. However, researchers and other stakeholders are confident that successes in business operations are largely dependent on the risk control efficiency of the entity (Edogbanya & Kamardin, 2015). Hence, RCE is vested with the power to minimize the risks of the corporation to its risk appetite; this study considered the attributes of the risk RCE like: RCE size, RCE diligence, RCE expertise, RCE composition and RCE gender diversification.

These components of RCE have been viewed from two different perspectives; firstly some researchers believe that when the RCE is made up of large number of members, it will give them the privilege of using pooled skills and expertise to carry out their oversight roles. They believe so hoping that it will harness greater prowess, expanded experiences and multi knowledge to control the enterprise vast array of risks (Rashid, Ibrahim & Othman, 2012). Contrarily, some scholars believe that having high number of members in RCE may cause some problems to human harmonization, coordination and communication difficulty, that may degenerate to having factions which may be counterproductive to the objective (Sanda, Garba, & Mikailu, 2011; Abdullah & Ismail, 2015). Thus, from the perspective of these proponents, to keep pace with the choice of adhering to strict risk policy, a sizeable board of director is needed to pilot risk steering activities of the firm. It corroborates the Nigerian Revised Corporate Governance Code of 2011, which suggests the establishment of RCE, but it did not mention the number of members that is sizable (Khalik & Md. Sum, 2020).

As for RCE diligence, it is a yardstick to ascertaining the level of commitment offered by the board members in attending meetings of the committee, where risk matters are discussed. Ideally, the more often RCE have their meetings, the more they would stifle the risk occurring chances of the firms (Elamer & Benyazid, 2018; Chou & Buchdadi, 2017; Kakanda, Salim, & Chandren, 2017; Abdullah & Ismail, 2015; Khan & Javid, 2011). To consolidate the claim, Allegrini and Greco (2013) and Saleh, Iskandar, and Rahmat (2007) maintain that frequent meetings of the committee cannot be ignored as it invariably becomes the basis where ideas, facts, and knowledge can be shared. Meanwhile, RCE diligence is measured by the researchers as the number of meetings held by the committee in a fiscal year.

By and large, Protiviti (2011) highlights that the involvement of non-executive directors is a requirement for building objective communication with a company's managers and officers in charge of risk management activities. Because independent non-executive directors are not under the payroll of the enterprise, it is believed they would have the courage to stand and challenge the Executive Officers in some of their decisions that are risk bound.

Conversely, there exists some level of uniformity among researchers on risk committee expertise. According to Kallamu (2015), members' expertise in account and finance will be a succor to risk deterrence and detection and mitigation. More arguments exist in literature that RCE that have directors with expertise knowledge and skill will outperform others that do not have such expertise in the act of managing risks (Yatim, 2009; Akhtaruddin & Haron, 2010; Ismail & Rahman, 2011).

Lastly, while scholars like Abdullah and Ismail (2015) argued that the inclusion of female directors connotes more efficiency and effectiveness in the oversight function of RMC, some others refuted this claim, stating that it does not.

On the other hand, the financial performance indicator (FPI) is the measure of the financial health of a firm over a period of time (Matar & Eneizan, 2018). Return On Asset (ROA), Return On Equity (ROE), Return On Capital Employed (ROCE), and other FPIs are examples. However, we used ROE because it measures the ability of a firm's management to generate returns on the shareholders' equity, a sequel to the strict monitoring of the RCE board, and it is congruent with agency theory. Meanwhile, ROE is herein used as the quotient of net profit and shareholders' equity.

Pertinently, this study was anchored on the Agency theory propounded by Jensen and Meckling (1976). It posits that the appointment of directors by the shareholders to monitor the managers was necessitated by the separation of ownership from management of organisations. In effect, the directors so appointed operate to ensure that there is enhancement and improvement in the mechanisms of corporate governance and, most importantly, in the firm's financial performance at large, by offering unbiased monitoring services and guiding their expertise on the firm's managers for shareholders' interest (Tao & Hutchinson, 2012).

Ibrahim, Okika, Yunusa and Janada (2020) chose to investigate whether the Nigerian insurance firm's RCE size, its independence, and its expertise affect its performance or not. The study perched tenth on twenty-four (24) listed insurance companies in Nigeria. The study covered 6 years ranging from 2012 to 2018 financial years. The panel data collected was estimated with regression estimation technique, and they found that both the size of the RCE and its independence reduce ROA minimally. Meanwhile, its expertise reduces ROA significantly.

Alqudah, Azzam, Aleqab and Shakhathreh (2019) examined the relationship between Jordan banks' board features and its performance from 2013 to 2017

accounting years. The study suggested that some novel board characteristics (political connections, number of foreign members and busy directors) be added to the conventional board attributes to ascertain how they affect firm performance. More so, they came up with the finding that directors with busy schedules do not have the necessary time needed to improve company productivity. Again, politically connected directors and foreign members were found to be obstacles towards improving company performance. Finally, meetings of the RCE and RCE independence have no significant associated with ROA. The study therefore concluded that the current composition of board is not efficient enough to fulfill principal's goals of enhancing banks' performance.

Ahmed et al. (2018) further took samples of the fourteen quoted banks on the floor of Nigeria Stock Exchange (NSE) and investigated whether Nigerian banks' RCE attributes and financial knowledge improve its financial performance from 2014 to 2016 financial year or not. The research measured the RCE, its independence and its financial knowledge as independent variables. While ROA, a measure for firm performance served as the dependent variable. The study disclosed that its size truly improves ROA minimally whereas its independence though reduces its ROA but such effect is small. However, its financial knowledge reduces its ROA to a very large extent. They recommended forthwith that other corporate governance characteristics should be researched upon by subsequent interested researchers. Only three years was covered by the study and it's not sufficient to ascertain the behaviour of the independent variables over time.

Zungu, Sibanda, and Rajaram (2018) sought to establish the relationship between ERM and the value of South African mining firms from 2004 to 2015. They applied pooled data design, having gathered data from companies that were able to publish their annual report for at least two years out of the eleven-years. Data for ERM (independent variable) was gathered from the Bloomberg Database and McGregor's BFA Database. Also, the data for firm value was gotten from the same source. In the data analysis, the Generalised Method of Moments (GMM) and the Dynamic Fixed Effect (DFE) estimations were applied. The study disclosed that ERM improves firm value but reduces the firm's risk levels. This was done in far-flung South Africa, however, and no other country was involved.

The impact of RCE was examined on real earnings management via sales manipulation in Nigerian that spanned for five years, from 2012 through 2016 by Sani, Latif & Al-Dhamari (2018). The independent variables are RCE, while the dependent variable is real earnings management, having controlled for firm size, audit quality, and profitability. Secondary data used was obtained from the financial statements of the firms for the relevant years in conjunction with the Thompson Reuters database. The researchers applied Panel Correction Standard Errors (PCSE) regression. Their findings indicate that RCE and its directors' independence reduce its manipulative tendencies. They recommended that regulators should endeavour to set up an RCE that will limit real earnings manipula-

tion by the management. The study sought to establish the existence of RCE and not their attributes.

Eluyela et al. (2018) examined whether Nigerian banks' board meetings on a frequent basis affected their performance within the periods 2011 to 2016. The result disclosed that frequent meetings actually improve banks' performance provided the size of assets of the bank is small. As such, they recommended that banks increase the frequency of board meetings to at least four times annually. Again, the study was on general board attributes and involved a large sample size and good analytical tools.

Kakanda, Slim and Chandren (2017) conducted an investigation into the nature of RCE on the market performance of 45 service firms in Nigeria. They chose to measure RCE by its size, its composition, and the regularity of its meetings, while its market performance was measured by its market-to-book value ratio. Their study covered five years, from the 2012 accounting year to the 2016 year, and the data were gotten from the statement of accounts of the firms. The panel data collected was analysed. Multicollinearity test, which was done by the VIF test and heteroscedasticity test, indicated problems in the series. This made the researchers adopt Panel Corrected Standard Errors (PCSEs) regression for the analysis. The results thereof showed that the RCE composition and the regularity of its meetings improve its ROA to a large extent.

Badu and Appiah (2017) investigated whether Ghanaian and Nigerian firms' board sizes influenced their firms' performance from 2008 to 2014 or not. They disclosed that though it does, the effect is mixed.

Having seen that prior studies reviewed on this topic mostly dwelt on narrow scopes like Nigeria, South Africa, Jordan, and the UK, Therefore, this present study chose to take a robust and wider scope of African nations to x-ray the ability of RCE to cause change on the profiteering tendencies of firms, bearing in mind that Africa is an emerging market that is of interest to the world.

Sequel to the above, the following testable hypotheses are stated and presented below:

H₀₁: Risk Committee Size does not expand banks' performance in Nigeria, Ghana, and South Africa significantly.

H₀₂: Risk Committee Diligence does not expand banks' performance in Nigeria, Ghana, and South Africa significantly.

H₀₃: RMC Expertise does not expand banks' performance in Nigeria, Ghana, and South Africa significantly.

H₀₄: Risk Committee Composition does not expand banks' performance in Nigeria, Ghana, and South Africa significantly.

H₀₅: Committee Gender Diversification does not expand banks' performance in Nigeria, Ghana, and South Africa significantly.

3. Methodology

This study adopted *an ex-post facto* research design since the data existed and

the researchers had no intention of manipulating or having direct influence over the data of the variables, but used them as they were. In order to have a balanced knowledge of the construct, we covered three countries, which are Nigeria, Ghana, and South Africa. The first two nations Nigeria and Ghana were selected because they are the largest two economies in West Africa, while South Africa is the largest in the South on the basis of GDP.

Although there are a total of thirty-two (32) banks in the selected countries, only seventeen (17) of them were sampled. This was done using a filtering approach in that only banks with complete annual reports, in operations throughout the study periods, and which did not have outliers were selected. The selected banks include:

Nigeria: (Access Bank Plc., First Bank Nigeria Plc., GT Bank Plc., Sterling Bank Plc., UBA Plc., Unity Bank Plc., and Wema Bank Plc.), bringing the total to seven.

Ghana: (Trust Bank Ghana, Access Bank Ghana, Agricultural Development Bank, Cal Bank, and Eco Bank Ghana Ltd), a sub-total of five.

South Africa: (ABSA Bank Ltd., Capitec Bank Holdings Ltd., Nedbank Group Ltd., Sasfin Holdings Ltd., and Standard Bank Group Ltd.), a sub-total of five.

Accordingly, data was sourced from the published accounting records of the selected banks from the years 2009 to 2018. This data source was chosen because annual reports have a wider degree of reliability and widespread acceptability by organizational stakeholders (Deegan, Rankin, & Tobin, 2002).

The study employed a panel data estimation technique. This choice was informed on the ground that panel data regression allows for removal of heterogeneous elements, that are unobservable which might be found in the sample (Gordini & Rancati, 2017). The model for this research is therefore stated below:

$$\text{ROE}_{it} = \beta_0 + \beta_1 \text{Cosize}_{it} + \beta_2 \text{Codilig}_{it} + \beta_3 \text{Cocomp}_{it} + \beta_4 \text{Cogend}_{it} + \beta_5 \text{Coexpe}_{it} + \beta_6 \text{Lev}_{it} + \beta_7 \text{Fs} + \varepsilon_{it}$$

ROE = Return On Equity; Cosize = Risk Committee Size; Codilig = Risk Committee Diligence; Coexp = Committee Expertise; Cocomp = Risk Committee Composition; Cogend= Committee Gender Diversification; Lev = Leverage; FS = Firm Size.

4. Results

Table 1 that contains descriptive statistics shows that the average RCE size (Cosize) for the period under review is 6, with a minimum number of 3 and a maximum of 12. The average number of meetings by the committee (Codilig) is 4, with the highest meeting of 9. A firm was observed to have had no meetings by the risk committee at all within the review years. More so, an average of 77% of the directors on the committee was independent directors. Some had all their risk committee members as independent directors, while the least for the period was just 33% of independent directors. The average figure for ROE for the period is 17%, which is an indication that the firms really had good outings during

the period. However, the standard deviation of 0.31 implies that there was a variation in the earning strength of the banks sampled across Africa.

The correlation result as presented in **Table 2** shows the relationship among the variables, but most importantly, it shows that no strong correlation exists among the variables.

The panel regression result:

Table 3, as presented above, is the summary of the panel regression results. To find the most efficient model for this paper, we subjected the model to the Hausman test. The Hausman test result in **Table 3** above reported a *P*-value of 0.030, suggesting that the Fixed Effect Model (FEM) is better than Random Effect Model (REM). Hence, the FEM was relied on for hypotheses testing.

Hypothesis one-RCE size (Cosize) has regression coefficient.4 and significant *P*-value of 0.087, though it is higher than the critical value 0.05 therefore, we should not reject null hypothesis. We then conclude that RCE size has positive and no significant effect on ROE of banks in Nigeria, South Africa and Ghana.

Hypothesis two-RCE diligence (Codilig) has such indices as regression coefficient -0.058 and *P*-value 0.026. Since the *P*-value is lower than critical value 0.05,

Table 1. Descriptive statistics.

stats	cosize	codilig	cocomp	coexpert	cogend	lev	fs	roe
mean	5.8	4.152941	0.7747689	0.420155	0.7411765	7.206059	26.26335	0.170694
p50	6	4	0.7888889	0.375	1	6.445	26.27	0.148
sd	1.920306	1.008906	0.1917654	0.200762	0.4392824	4.278024	2.054041	0.319537
max	12	9	1	1	1	19.21	30.85	1.5
min	3	0	0.3333333	0	0	-4.14	23.02	-2.207
kurtosis	2.579901	8.584716	1.755431	3.533466	2.212843	2.95129	2.080547	25.08732
skewness	0.316189	1.146893	-0.1752461	0.652781	-1.101291	0.201062	0.181214	-1.12718
N	170	170	170	170	170	170	170	170

Source: State 14 output.

Table 2. Correlation matrix.

	roe	Cosize	codilig	cocomp	coexpert	cogend	lev	fs
roe	1.0000							
cosize	-0.1116	1.0000						
codilig	-0.0020	0.0250	1.0000					
cocomp	0.2029	-0.3715	0.2847	1.0000				
coexpert	0.0709	0.1462	-0.0085	-0.0912	1.0000			
cogend	0.0873	0.2539	0.0498	0.0077	0.0231	1.0000		
lev	-0.1657	0.1423	0.3641	0.2493	0.1109	0.1302	1.0000	
fs	-0.1970	0.1587	0.0605	-0.3755	0.0764	0.2174	0.0758	1.0000

Table 3. Summary of panel regression analysis.

	FEM for ROE	REM for ROE
C	−0.49 (0.67)	0.13 (0.21)
Cosize	0.04 (0.087)*	0.031 (0.11)
Codilig	−0.058 (0.026)**	−0.4 (0.11)
Cocomp	0.559 (0.024)**	0.56 (0.005)***
Coexpert	0.067 (0.651)	0.105 (0.418)
Cogend	0.037 (0.56)	0.065 (0.271)
Lev	−0.044 (0.003)***	−0.03 (0.005)***
Fs	0.02 (0.697)	−0.01 (0.63)
F-statistics	3.69	22.23
<i>P</i> -value	(0.001)***	(0.0023)***
R-squared	0.15	0.14
Hausman Test	Prob > chi ² = 0.030**	

Source: Author's compilation (2020). Remarks: (1) *, **, *** means—statistical significance at 10%, 5% and 1% level respectively. (2) Brackets ()—represents *P*-values.

we accept alternate hypothesis, as well affirm that RCE diligence has statistical significant though inversely effect on ROE of banks in Nigeria, South Africa and Ghana.

Hypothesis three-RCE expertise shows regression coefficient 0.067, *P* statistics 0.68. The *P*-value is greater than 5% critical value hence we should not reject null hypothesis. Therefore we uphold that RCE expertise has positive no significant effect on ROE of banks in Nigeria, South Africa and Ghana.

Hypothesis four-RCE composition (Cocomp) with the regression coefficient of 0.55 and *P* statistics of 0.024, we accept as the rule implies, the alternate hypothesis that says RCE composition has positive significant effect on ROE of banks in Nigeria, South Africa and Ghana.

Hypothesis five-RCE gender diversity possess coefficient of regression 0.037, *P*-value of 0.56 that is also greater than critical value at 0.05. As such we accept null hypothesis that RCE composition has positive and no significant effect on ROE of banks in Nigeria, South Africa and Ghana.

5. Discussions

Firstly, this result indicates that Cosize enhances ROE. The result implies that a

unit increase in the Cosize will cause the mean of ROE to increase by 0.04 units, if all other variables are held constant. The P -value ($P > t > 0.087$) means that Cosize does not significantly affect ROE at the 5% level. Our finding agrees with prior empirical results like those of Mashonganyika (2015) and Husaini and Saiful (2017), whose results maintain that board size and its audit committee's size do not significantly affect firm performance. Nevertheless, the result disagrees with the results of Meyer & Wet (2013); Badu & Appiah (2017); Onyali & Okerekeoti (2018); Palaniappan (2017); Akpan & Amran (2014); Badu & Appiah (2017). Note: the finding of Kakanda, Slim and Chandren, (2017) is the same with our result as both are significant at 10% but we chose to accept from 5% level of significant.

More so, the result indicates that risk committee diligence (Codilig) has an inverse effect on the sampled firms' ROE at a coefficient -0.06 . The implication is that, higher number of meetings by the RCE will amount to reduction on the ROE of the firms. Further result depicts that the committee diligence has P -value of 0.026. This P -value is smaller than the critical value at 5%, therefore proves to be statistically significant on predicting ROE at 5% level. Hence we accept alternate hypothesis and conclude that risk committee diligence have significant effect on the ROE of firms in selected African countries. Our study finding corroborates with the discovery by Kakanda, Slim and Chandren (2017). But, our result disagrees with that of (Husaini & Saiful, 2017).

Again, the regression result shows that committee expertise (Coexpert) has coefficient 0.07, and P -statistics of 0.65. The positive coefficient value means that account expertise of RCE has positive effect on the ROE of firms selected. Specifically, a unit increase or (decrease) in the number of committee with account expertise will cause 0.07-unit increase or (decrease) as the case may be, to the mean of ROE. Consequently, the corresponding probability statistics of 0.65 shows that, magnitude of impact exerted by account expertise on firms' profitability is not appreciable. Importantly, we state that our result is in concordance with that of (Husaini & Saiful, 2017). Conversely, the result disagrees with Akpan and Amran (2014).

Additionally, RCE composition (Cocomp) values show 0.559 (0.024). The table contains evidence by the coefficient that Cocomp has a positive effect on the ROE of firms in selected African countries. The coefficient of 0.559 points to the fact that a unit reduction in the independent director would cause a 0.6 unit decrease in the mean of ROE if other driver variables were to be unchanged. Furthermore, Cocomp recorded a P -value of 0.024, which is lower than the 0.05 critical value, and by the rule, it is significant. The findings of this study are in agreement with results obtained by Kakanda, Slim and Chandren (2017), Meyer and Wet (2013), Mashonganyika (2015), and Andersson and Wallgren (2018). Our study result, however, disagrees with that of Akpan and Amran (2014) and Husaini and Saiful (2017).

Lastly, committee gender diversification (Cogend) recorded a coefficient of de-

termination of 0.037, which specifically indicates that COGEND affects ROE positively. The value further implies that COGEND can impact ROE to the magnitude of 0.04. The table indicates that COGEND is not significant enough in determining ROE since the P-statistics appear greater than the critical value (P -value = $0.56 > 0.05$). Our findings back up those of [Onyali and Okerekeoti \(2018\)](#). The findings, however, contradict those of [Mashonganyika \(2015\)](#), [Andersson and Wallgren \(2018\)](#), [Akpan and Amran \(2014\)](#) and [Ntim and Osei \(2011\)](#).

6. Conclusion

This study was set to understand the efficiency or effect, if any, attributed to the use of RCE as a separate risk committee of the board for the management of the risks of firms, instead of using the overburdened audit committee for the organization's risk challenges. Empirical analysis was done with data generated from the three selected African countries: Nigeria, South Africa, and Ghana, which span from the 2009 to 2018 financial years. The empirical results therefrom indicate that RCE size has a positive statistical and significant effect on ROE at 10% level, RCE diligence has an inverse statistical significant effect on ROE at 5% level, RCE composition has a positive statistically significance effect on ROE at 5%, and RCE account expertise and gender diversity have positive but no significant effect on ROE. Additional results show that leverage has negative significant effect, whereas firm size has positive but no significant effect on ROE. In view of the above, the study concludes that practitioners and policy formulators in Africa should pay specific attention to RCE size, frequency of meetings, and independent boards as areas of concern for building a robust risk committee that will stand up against the risks of the enterprise as well as improve the financial performance of the firms within the African nations.

7. Limitation of the Study and Suggestions for Further Study

A study of this nature ought to encompass good percentage of the 54 nations in Africa but because of language challenge as for those countries that are not reporting in English language and some others without established Stock Exchange Markets, we resorted to using only the three nations in our sample.

Since Africa is an emerging market with much potential, it becomes imperative and we suggest that further studies be undertaken to ascertain risk management committee features that wax stronger in beating the contemporary business risks in other African nations, since our study was limited to Nigeria, Ghana and South Africa.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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