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Board characteristics and corporate risk disclosures among listed firms in Nigeria

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Abstract

Purpose: The study examined the effect of board characteristics on corporate risk disclosure (CRD) among listed consumer goods firms in Nigeria from 2014 to 2023. Drawing on agency and legitimacy theories, the research investigates how board size, board independence, board nationality, and risk committee size influence risk disclosure practices.

Methodology: The study adopts an ex post facto research design and utilizes secondary data from 18 purposively selected listed firms. Corporate risk disclosures were measured using a 21-item checklist, and panel regression analysis with the Generalized Least Squares (GLS) technique was employed to address potential econometric issues. Control variables included audit firm size and firm age.

Results and Conclusion: Results indicate that board size and board nationality have no significant effect on CRD, while board independence exhibits a negative and statistically significant impact. In contrast, risk committee size has a positive and significant relationship with corporate risk disclosure. Audit firm size and firm age also significantly influence disclosure levels. The study concludes that specialized governance structures, particularly effective risk committees, are key drivers of enhanced risk transparency, whereas the mere presence of larger boards or foreign directors does not guarantee improved disclosure.

Implication of Findings: These findings imply that firms should prioritize board effectiveness over numerical size, enhance the integration and engagement of independent and foreign directors, and strengthen risk committees through appropriate resourcing and expertise. The study contributes to the literature on corporate governance and transparency by providing context-specific insights for regulators, corporate boards, and policymakers in emerging economies.

Keywords: Corporate risk disclosure, Board characteristics, Board independence, Risk committee, Corporate governance.

1. Introduction

The collapse of Enron Corporation in 2001 marked a watershed moment in global discussions on corporate governance, transparency, and risk disclosure. Once viewed as a symbol of corporate ingenuity, Enron's dramatic collapse revealed deep-seated financial manipulation, ineffective board oversight, and a failure to disclose critical risk information (Viola et al., 2023; Iyamabhor et al., 2024). The scandal wiped out billions in shareholder value, undermined trust in corporate reporting systems, and highlighted the dangers of inadequate governance mechanisms. At the center of this crisis was the board's inability to enforce transparent and credible risk disclosure practices, underscoring the vital role of board characteristics in promoting corporate accountability (Uwuigbe et al., 2018; Vincent et al., 2024).

In the years that followed, additional corporate failures including WorldCom, AIG, and Lehman Brothers further exposed the vulnerabilities in governance systems. These weaknesses contributed significantly to the 2008 global financial crisis, where insufficient and unclear risk disclosures by major financial institutions heightened market instability and investor panic (Kirkpatrick, 2009; Onyekwelu et al., 2022; Musa et al., 2025). More recently, the COVID-19 pandemic has amplified the importance of robust risk management and disclosure frameworks, especially in sectors prone to disruptions such as consumer goods, where supply chain fragility and fluctuating demand created unprecedented uncertainties (Aliyu & Musa, 2020; Omodero, 2022).

These crises collectively underscore the global consensus that transparent, timely, and comprehensive risk disclosures are essential for reducing information asymmetry, enhancing stakeholder trust, and supporting informed decision-making (Oliveira et al., 2011; Lasisi, 2022; Musa et al., 2022). Effective risk reporting allows stakeholders to evaluate the extent of a firm's exposure to financial, operational, and strategic risks and to assess the adequacy of its risk management strategies. In line with signaling theory, transparent disclosure also conveys managerial competence, integrity, and commitment to accountability (Pobric, 2019; Elshandidy et al., 2025).

At the heart of these disclosure processes is the board of directors, the apex governance mechanism responsible for monitoring management, enforcing compliance, and ensuring transparency in corporate reports. Board characteristics such as size, independence, gender composition, nationality diversity, and the presence of specialized committees including the board risk committee are critical determinants of the extent and quality of corporate risk disclosures (Allegrini & Greco, 2013; Viljoen et al., 2016; Sulistyaningsih & Gunawan, 2018). Literature suggests that larger and more diverse boards enhance oversight effectiveness, broaden strategic perspectives, and encourage the disclosure of material risks (Okoye et al., 2021; Muazaroh et al., 2025). Similarly, board independence strengthens objectivity and limits managerial opportunism, thereby improving disclosure credibility (Ntim et al., 2013; Okpo & Aruwa, 2021).

Despite global emphasis on governance-driven disclosure, evidence from emerging economies—including Nigeria—remains inconsistent. Nigeria has introduced several governance frameworks, such as the SEC Code of Corporate Governance (2011) and the Nigerian Code of Corporate Governance issued by the FRC in 2018, alongside mandatory disclosure requirements under IFRS 7. Yet compliance remains weak, as many firms continue to provide minimal or boilerplate risk information. Recent assessments highlight persistent gaps in adherence and disclosure quality (FRCN, 2018; World Bank, 2020; Odusina et al., 2023; Zubairu et al., 2025).

The problem is particularly pronounced in the consumer goods sector, a critical segment of the Nigerian economy that contributes significantly to GDP and employment. Firms in this sector face multiple risks including foreign exchange volatility, inflation, regulatory fluctuations, and infrastructural deficiencies. Despite this high-risk environment, existing studies on corporate risk disclosure in Nigeria have focused predominantly on the banking and insurance sectors (Bako, 2017; Nwafor & Nworie, 2025), leaving a substantial knowledge gap regarding governance-disclosure dynamics within consumer goods companies.

Furthermore, most Nigerian studies have concentrated on voluntary disclosure practices or general firm characteristics—such as size, leverage, and profitability—while paying limited attention to board governance structures (Onoja & Agada, 2015; Ibrahim et al., 2020; Muazaroh et al., 2025). The agency theory posits that managers may conceal unfavorable risk information to protect their interests unless appropriate governance structures, including independent and diverse boards, exist to enforce transparency (Jensen & Meckling, 1976). Consequently, the extent of risk disclosure should depend significantly on-board attributes.

However, the empirical evidence on how specific board characteristics affect corporate risk disclosure remains inconclusive. For example, while some studies find a positive relationship between board size and risk disclosure (Bako, 2017; Emad et al., 2019; Srairi, 2018), others report no significant association (Fransisca et al., 2022). Similar inconsistencies are found regarding board independence. Studies such as

Irina and Musa (2021) and Fujianti et al. (2020) assert that independent directors enhance risk transparency, whereas Seta and Setyaningrum (2017) find no significant effect, raising concerns about the effectiveness of independent directors within weak institutional environments.

The role of demographic diversity, particularly gender and nationality, remains equally debated. While some studies argue that diversity broadens perspectives and improves disclosure quality (Fransisca et al., 2022; Irina & Musa, 2021; Musa et al., 2025), others contend that diversity without genuine empowerment yields little impact on governance outcomes (Arisona et al., 2021; Oghuma & Garuba, 2021). Similarly, although governance codes mandate the establishment of board-level risk committees, limited empirical research has examined the characteristics of these committees in non-financial firms (Hasan et al., 2023; Wada et al., 2023).

Methodological challenges further complicate the literature. Many existing Nigerian studies rely on short time periods, non-standardized content analysis techniques, and voluntary disclosure measures, thereby restricting generalizability and limiting theoretical advancement (Onoja & Agada, 2015; Odusina et al., 2023; Linsley & Shrives, 2006; Vychytilova et al., 2020).

Given these theoretical, empirical, and methodological gaps, uncertainties persist regarding which board characteristics most significantly influence corporate risk disclosure among listed consumer goods companies in Nigeria. This gap hinders the development of targeted policy interventions, limits investor confidence, and weakens market discipline. Accordingly, this study seeks to investigate the effect of selected board characteristics—board size, board independence, board nationality diversity, and board risk committee size—on corporate risk disclosures in Nigeria’s consumer goods sector.

2. Literature review

Corporate risk disclosure

Corporate Risk Disclosure (CRD) refers to the communication of information on financial, operational, strategic, and non-financial risks that may affect a firm’s performance, sustainability, or business environment. It enables stakeholders to understand a company’s exposure to uncertainties, assess its risk management practices, and evaluate potential future outcomes (Linsley & Shrives, 2006; Miihkinen, 2012; Awotomilusi et al., 2023; Akpan et al., 2024). CRD may be mandatory—guided by standards such as IFRS 7 and IAS 32—or voluntary, depending on management’s commitment to enhancing transparency and investor confidence (Agubata et al., 2021; Olimat et al., 2025). These disclosures typically appear in annual reports, sustainability statements, websites, and other investor communication platforms (Siregar & Bachtiar, 2010; Akinleye & Olanipekun, 2021; Raji et al., 2024).

Corporate governance mechanisms strongly influence the quality and extent of CRD. Board characteristics such as size, independence, gender and nationality diversity, and the presence of a risk committee are widely recognized as key determinants of disclosure practices (Fujianti et al., 2020; Ntim et al., 2013). Effective risk reporting reduces information asymmetry, strengthens investor trust, and aligns firms with global disclosure standards (Alahmari, 2020; Anuforo et al., 2024).

Risk disclosures may be qualitative or quantitative, forward-looking or historical, and can cover areas such as credit, market, operational, or strategic risks (UNCTAD, 2017; Yanqiong, 2019; Dirvi et al., 2020). This study specifically examines credit and market risk disclosures among listed Nigerian consumer goods firms. Theoretical underpinnings draw from agency, stakeholder, and signaling theories, all of which emphasize transparency as essential for accountability and reducing uncertainty (Amran et al., 2008; Handoyo et al., 2023).

Board size

The board of directors is a critical mechanism of corporate governance, tasked with monitoring managerial actions, guiding strategic decisions, and ensuring transparency in corporate operations (Fujianti et al., 2020; Eke & Aikowierem, 2025). Board size, defined as the total number of directors on the board, is widely regarded as a key governance characteristic influencing corporate risk disclosure. Larger boards are believed to provide broader expertise, stronger monitoring capacity, and diverse perspectives, which collectively enhance risk oversight and improve the comprehensiveness of risk-related disclosures (Hidalgo et al., 2010; Mazuria et al., 2018).

Additionally, larger boards are better positioned to establish specialized committees, such as risk management committees, thereby reinforcing governance frameworks and facilitating focused oversight of risk-related activities (Manurung & Kusumah, 2016; Bako, 2017). From an agency theory perspective, a larger board enhances managerial monitoring, reduces information asymmetry, and promotes transparency in risk reporting (Elzahar & Hussainey, 2012; Mbithi & Wangombe, 2020; Wada et al., 2023; Amana et al., 2024). Stakeholder theory similarly argues that larger boards are more capable of representing diverse stakeholder interests, fostering accountability and promoting more transparent disclosure practices (Saggar & Singh, 2017). However, excessively large boards may face coordination difficulties, slower decision-making, and reduced cohesion, potentially undermining governance effectiveness and weakening risk disclosure (Raji et al., 2024). These contrasting perspectives explain why the relationship between board size and risk disclosure has produced mixed empirical findings.

Board independence

Board independence refers to the proportion of non-executive directors on a company's board who are free from managerial influence and external affiliations. Independent directors are tasked with safeguarding shareholders' interests, providing objective oversight, and enhancing the integrity of corporate governance systems (Abraham & Cox, 2007; Nwafor & Nworie, 2025). According to agency theory (Hassan et al., 2023), independent directors strengthen the board's monitoring capacity, reduce agency conflicts, and promote transparency and accountability in corporate reporting.

Empirical studies suggest that a higher proportion of independent directors contribute to stronger governance and more effective risk-related disclosures. Independent boards reduce managerial opportunism, facilitate better information flows, and improve disclosure quality (Lopes & Rodrigues, 2007; Domínguez & Gámez, 2017, Okpo & Aruwa, 2021; Vincet et al., 2024). Transparent firms often appoint independent directors to mitigate agency problems and reduce regulatory intervention in reporting (Cheng & Courtenay, 2006; Mazumder & Hossain, 2018). However, formal independence does not guarantee effective oversight. Directors appointed symbolically or with close ties to management may fail to exercise genuine autonomy, reducing board effectiveness (Edem & Noor, 2014; Pobric, 2019). Effective board independence requires directors to possess autonomy and the expertise needed to identify risks, monitor managerial actions, and ensure comprehensive disclosures (Abdallah et al., 2022).

Board nationality diversity

Board nationality diversity refers to the inclusion of foreign nationals among a company's directors (Rodrigues, 2014; Zubairu et al., 2025; Gwar et al., 2025). In an increasingly globalized business environment, the presence of foreign directors on corporate boards is becoming more prevalent. While research directly linking nationality diversity to firm performance is limited, foreign directors are considered strategic assets. They bring international perspectives, cross-border experience, and extensive professional networks, which can enhance strategic decision-making, strengthen governance practices, and mitigate managerial entrenchment by broadening shareholder representation (Albaqali & Kukreja, 2018; Fransisca et al., 2022; Iyamabhor et al., 2024).

Foreign directors also contribute to board independence and more rigorous oversight due to their exposure to international regulatory frameworks and governance norms. However, challenges such as cultural differences, communication barriers, and coordination difficulties may limit these benefits, potentially affecting board cohesion and decision-making efficiency (Suleiman, 2014). When foreign directors originate from countries with comparable legal, economic, or institutional systems, their presence tends to strengthen board effectiveness and strategic oversight (Estélyi & Nisar, 2016; Akinleye & Olanipekun, 2021). Board nationality diversity is also increasingly viewed as a factor influencing corporate risk behavior, as international directors may adopt varied approaches to risk assessment, governance, and disclosure (Maturo et al., 2019; Elshandidy et al., 2025).

Board risk committee size

The board of directors is central to establishing and overseeing a firm's risk management framework, ensuring alignment between strategic objectives, risk appetite, and long-term goals (Ng et al., 2012; Olimat et al., 2025). Modern corporate governance emphasizes specialized subcommittees, particularly the Board Risk Committee (BRC), which is responsible for formulating, supervising, and reviewing enterprise risk management policies while ensuring compliance with internal risk tolerance and regulatory standards (Odubuasi et al., 2020; Vincent al., 2024).

The effectiveness of the BRC depends on its size, composition, and expertise. Larger committees leverage a wider pool of knowledge, experience, and perspectives, enhancing their ability to identify, assess, and manage emerging risks (Abubakar et al., 2018). While increased committee size may involve coordination costs, it often improves the quality of deliberations and strengthens governance in complex operational environments. A sizeable and well-structured BRC signals commitment to transparency and robust risk governance, promoting higher-quality, timely, and relevant risk disclosures (Ogriki & Peter, 2022). This aligns with agency theory, emphasizing monitoring to reduce managerial opportunism, and signaling theory, which suggests that detailed disclosures convey responsible governance to stakeholders.

Theoretical framework

This study is anchored on agency theory, complemented by legitimacy theory. Agency theory (Jensen & Meckling, 1976; Scott, 2015) highlights conflicts between shareholders and managers due to information asymmetry and divergent risk preferences. In consumer goods firms, board characteristics—independence, size, nationality diversity, and risk committees—mitigate these conflicts and enhance corporate risk disclosures, reducing agency costs and reinforcing accountability (Ibrahim et al., 2020).

Legitimacy theory posits that firms must align with societal norms to maintain operational legitimacy (Martens et al., 2023). Risk disclosures signal transparency, responsiveness, and stakeholder engagement, while robust boards enhance disclosure quality, protect reputation, and sustain social license to operate (Moussa et al., 2015; Martens & Bui, 2023).

Board size and corporate risk disclosures

Empirical evidence on board size and risk disclosure spans multiple contexts. Emad et al. (2019) found that board size significantly enhanced risk disclosure in Egyptian banks. Similarly, Srairi (2018) reported that larger boards in Islamic banks within the Gulf Cooperation Council region were associated with more extensive risk disclosures. In Nigeria, Bako (2017) observed that board size significantly shaped risk disclosure among deposit money banks, while Seta and Setyaningrum (2017) confirmed a positive effect of board size on risk disclosure in 365 Indonesian listed firms.

Conversely, Fransisca et al. (2022) found no significant relationship between board size and risk disclosure in Indonesian manufacturing firms, suggesting that board diversity may be a more critical determinant. Oghuma and Garuba (2021), examining Nigerian deposit money banks, reported that board size significantly affected market risk disclosures but not credit risk disclosures, implying that its influence may differ across risk categories. Based on the theoretical and empirical insights, the following null hypothesis is formulated:

H1: Board size has no significant effect on corporate risk disclosures of listed consumer goods companies in Nigeria.

Board independence and corporate risk disclosures

Empirical evidence on board independence and corporate risk disclosure is mixed. Positive relationships have been reported: Irina and Musa (2021), using data from Nigerian and South African firms, found that independent directors significantly enhanced operational risk disclosure. Fujianti et al. (2020) showed independent commissioners improved risk reporting in Indonesian listed firms, while Emad et al. (2019) reported that Egyptian banks with more independent directors disclosed greater risk information. Ashfag et al. (2016), examining Pakistani banks, also concluded that a higher proportion of independent non-executive directors enhanced both the quantity and quality of risk disclosures.

Conversely, some studies found no significant effect. Seta and Setyaningrum (2017) reported no meaningful association between director independence and risk disclosure in 365 Indonesian firms, though they recommended increasing board independence to enhance transparency. Lopes and Rodrigues (2007) similarly found no significant relationship, indicating that the effectiveness of board independence may depend on context-specific factors such as firm size, industry, regulatory environment, and corporate culture. Based on these theoretical and empirical insights, the null hypothesis is stated as follows:

H2: Board independence has no significant effect on corporate risk disclosures of listed consumer goods companies in Nigeria.

Board nationality and corporate risk disclosures

Board nationality diversity, which refers to the inclusion of foreign nationals on a company's board, is increasingly recognized as a factor influencing corporate risk management and disclosure practices (Rodrigues, 2014; Albaqali & Kukreja, 2018). Foreign directors bring global perspectives, international experience, and exposure to diverse regulatory environments, which can enhance strategic decision-making, strengthen governance, and improve transparency in risk reporting (Ogriki & Peters., 2022; Maturo et al., 2019). However, challenges such as cultural differences, communication barriers, and coordination issues may limit their effectiveness if not properly integrated into the board's operations (Suleiman, 2014; Lehman & DuFrene, 2008).

Empirical evidence underscores the importance of board nationality in shaping corporate risk practices. Fransisca et al. (2022) found that nationality diversity on the Board of Commissioners significantly influenced corporate risk disclosure among Indonesian manufacturing firms between 2016 and 2019. Similarly, Naburgi et al. (2024) examined Nigerian industrial goods firms and reported that the inclusion of foreign directors on boards significantly enhanced the extent of voluntary risk disclosures, alongside board independence, size, and gender diversity. These findings suggest that nationality diversity contributes meaningfully to the board's capacity to oversee risk and communicate it transparently to stakeholders. Based on these theoretical and empirical insights, the null hypothesis for this study is formulated as follows:

H3: Board nationality diversity has no significant effect on corporate risk disclosures of listed consumer goods companies in Nigeria.

Board risk committee size and corporate risk disclosures

Empirical studies support the positive effect of risk committee size on disclosure quality. Wada et al. (2023), analyzing 17 listed Nigerian insurance firms from 2011 to 2021 using GLS regression, found that larger risk committees significantly improved risk disclosure quality. Similarly, Hasan et al. (2023), studying 21 Pakistani banks between 2011 and 2020, documented that increased committee size enhanced corporate risk disclosures, consistent with agency and upper echelon theory insights. Based on the theoretical and empirical evidence, the null hypothesis is stated as:

H4: Board risk committee size has no significant effect on corporate risk disclosures of listed consumer goods companies in Nigeria.

3. Methodology

This study adopts an ex-post facto research design to examine the relationship between board characteristics and corporate risk disclosure using existing firm data. The population consists of 20 consumer goods firms listed on the NGX (2014–2023), from which a purposive sample of 18 firms was selected based on data availability. Secondary data was obtained through content analysis of audited annual reports, covering governance sections, directors' reports, financial statements, and notes. Risk disclosures were measured using a checklist adapted from Enslin et al. (2015), scored 1 for disclosed and 0 for not disclosed, while board characteristics were extracted from the same reports. Data were analyzed using panel regression (GLS) to address serial correlation and heteroskedasticity, supported by descriptive statistics, a random effects model, and diagnostic tests (Breusch-Godfrey LM, VIF, ARCH). The analysis was conducted with E-Views 10.

3.2 Model Specification

The multiple regression model of Lasis (2022) is specified in econometric terms below:

$$CRRit = \beta 0 + \beta 1BDSZEit + \beta 2BDIDPit + \beta 3BDATVit + \beta 4BDDVSTit + \beta 5FRMSZit + \beta 6PRFTBit + \varepsilon i \quad (1)$$

Where: CRRii-yearrporate risk reporting index for the company in i year t using a 32-item checklist is used to measure corporate risk reporting, CRR index = Numbers of disclosed CRR /Total CRR items expected to be disclosed, β0 = Coefficient of the constant variable, BDSZEit = Board size for the company in i year t, BDIDPit = Board independence for the company in i year t, BDATVit = Board activity for a company in i year t, BDDVSTit = Board diversity for a company in i year t, FRMSZit = Firm size for a company in i year t, PRFTBit = Profitability for a company in i year t, β1-β6 = Regression coefficients of independent variables, and εi= error term.

The model of Lasisi (2022) was modified for this research and adapted which is expressed in econometric form as follows:

$$CRDI_{ijt} = \alpha + \beta_1(BSIZ)_{it} + \beta_2(BIND)_{it} + \beta_3(BNAT)_{it} + \beta_4(RCSIZ)_{it} + \beta_5(LEV)_{it} + \beta_6(FAGE)_{it} + \varepsilon_{it} \quad (2)$$

The dependent variable, CRDI (Corporate Risk Disclosure Index), is generated using unweighted content analysis. Each annual report is compared against a 21-item checklist of disclosure items. A score of 1 is assigned if the disclosure is present, and 0 if absent.

This idea of a dependent variable can be stated mathematically as follows:

CRDIijt= ∑t=1xij /nj

Where nj is the number of items for the jth firm. xij =1 if the ith item is disclosed, 0 if ith item is not disclosed, so that 0≤CRDIijt ≤1 index for calculating IRDIN, please refer to the Appendix 1,2 and 3 in the appendixes.

The independent variables are defined as follows: Board Size (BSIZ)= Total number of board members; Board Independence (BIND)= Board Independence measured as total number of independent directors on the board divided by total number of the board; BNAT = Total number of foreign nationals in the board; RCSIZ = Board Risk Committee Size= the total number of members on the risk committee; Control variable of Leverage (LEV) measured as= Total debt divided by Total Assets; U_t =Error Terms; t = time (2014 -2023); β_0 = constant term or intercept; and $\beta_1 - \beta_5$ = Regressors.

Table 1: Variable Measurement and Source

Variables	Definition	Type	Measurement	A priori Expectation	Source
CRDI	Corporate Risk Disclosures Index	Dependent	Unweighted content Analysis in Appendix 1 and 2 in which dummy 1proxy content availability in annual report and 0 if otherwise	Nil	Enslin et al. (2015), Vijeon et al. (2016), Srairi et al. 2018
BSIZ	Board Size	Independent	Total number of board members	+	Abdallahet al (2022)
BIND	Board Independence	Independent	Total number of independent directors on the board divided by total number of the board.	+	Edem and Noor (2014)
BNAT	Board Nationality	Independent	Total number of foreign nationals in the board	+	Fransisca et al. (2022)

RCSIZ	Board Risk Committee Size	Independent	The total number of members on the risk committee	+	Erin et al, (2020)
AFZ	Audit Firm Size	Control	Dummy variable of 1 for BIG 4 and 0 Non-Big 4	+	Emad et al. (2019)
FAGE	Firm Age	Control	Number of Years form incorporation to investigation period	+	Ramalan et al. (2021)

Source: Researcher's compilation (2025).

4. Results and discussion

Descriptive statistics

Table 2: Descriptive Statistics Analysis

	CRDI	BSIZ	BIND	BNAT	RCSIZ	AFZ	FAGE
Mean	0.575	10.150	0.657	0.225	4.056	0.706	29.611
Median	0.667	10.000	0.667	0.231	4.000	1.000	34.000
Maximum	1.000	18.000	0.875	0.556	9.000	1.000	56.000
Minimum	0.000	4.000	0.375	0.000	0.000	0.000	2.000
Std. Dev.	0.341	3.372	0.118	0.152	2.456	0.457	13.636
Skewness	-0.448	0.293	-0.158	0.080	-0.139	-0.902	-0.369
Kurtosis	1.869	2.595	2.122	2.281	2.407	1.814	2.042
Jarque-Bera	15.632	3.801	6.520	4.076	3.224	34.964	10.983
Probability	0.000	0.150	0.038	0.130	0.200	0.000	0.004
Sum	103.524	1827.000	118.338	40.561	730.000	127.000	5330.000
Sum Sq. Dev.	20.818	2034.950	2.490	4.132	1079.444	37.394	33282.780
Observations	180	180	180	180	180	180	180

Source: Researchers' Compilation **(2025).**

The descriptive statistics summarize the distribution of the study variables across 180 firm-year observations from 18 listed consumer goods firms (2014–2023). The Corporate Risk Disclosure Index (CRDI) shows a moderate disclosure level (mean = 0.575) with high variability and significant non-normality. Board Size (BSIZ) averages 10 members, with no significant deviation from normality. Board Independence (BIND) averages 66% independent directors and shows mild non-normality. Board Nationality Diversity (BNAT) is low (mean = 0.225) with a largely normal distribution. Risk Committee Size (RCSIZ) averages 4 members with no normality issues. Audit Firm Size (AFZ) indicates that 71% of firms use Big 4 auditors, with significant non-normality due to its binary nature. Firm Age (FAGE) averages 29.6 years with mild non-normality. Overall, the variables exhibit reasonable variation suitable for panel regression analysis.

Correlation matrix

This study explores the relationship between variables through the use of Pearson product moment correlation method. The results are presented in table 3.

Table 3: Correlation Matrix

	CRDI	BSIZ	BIND	BNAT	RCSIZ	AFZ	FAGE
CRDI	1.000						
BSIZ	-0.048	1.000					
BIND	-0.122	0.172	1.000				
BNAT	-0.144	0.038	0.125	1.000			
RCSIZ	0.472	-0.213	0.031	-0.023	1.000		
AFZ	0.466	-0.421	-0.165	0.019	0.353	1.000	
FAGE	0.168	-0.088	-0.029	0.359	0.085	0.304	1.000

Source: Researchers' Compilation (2025).

The correlation analysis indicates that Risk Committee Size (r = 0.472) and Audit Firm Size (r = 0.466) are moderately positively associated with CRDI, while Firm Age (r = 0.168) shows a weak positive relationship. Board Size (r = –0.048), Board Independence (r = –0.122), and Board Nationality (r = –0.144) exhibit weak negative correlations with CRDI. All values are below 0.8, and diagonal values of 1.0 confirm no multicollinearity among variables.

Diagnostic test

Table 4: Diagnostic Test Estimates

Variance Inflation Factors			
	Coefficient	**Uncentered**	**Centered**
Variable	Variance	VIF	VIF
C	0.0214	53.1740	NA
BSIZ	0.0000	12.5758	1.2436
BIND	0.0312	34.5886	1.0726
BNAT	0.0207	3.7961	1.1818
RCSIZ	0.0001	4.3577	1.1643
AFZ	0.0029	5.0393	1.4838
FAGE	0.0000	7.3480	1.2797
Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	Obs*R-squared		
175.4247	121.0175		
Prob. F(2,171)	Prob. Chi-Square(2)		
0.0000	0.0000		
Heteroskedasticity Test: ARCH			
F-statistic	Obs*R-squared		
82.1355	56.7358		
Prob. F(1,177)	Prob. Chi-Square(1)		
0.0000	0.0000		

SOURCE: Researchers' Compilation (2025).

VIF analysis shows no multicollinearity among independent and control variables, with all values well below 10 (highest = 1.4838 for Audit Firm Size). Board Size (1.2436), Board Independence (1.0726), Board Nationality (1.1818), Risk Committee Size (1.1643), and Firm Age (1.2797) indicate low correlation, confirming reliable inclusion in the regression model. Diagnostic tests reveal violations of classical assumptions: the Breusch-Godfrey LM Test shows significant serial correlation (F = 175.4247, χ^2 =

121.0175, $p < 0.01$), and the ARCH test indicates heteroskedasticity (F = 82.1355, Obs*R^2 = 56.7358, $p < 0.01$). Therefore, robust standard errors or GLS are applied to ensure consistent and efficient estimates.

Panel generalized least square regression.

Table 5: Panel Generalized Least Square Regression Estimates.

R-squared	0.5905	Durbin-Watson stat	1.5885	
Adjusted R-squared	0.5891	F-statistic	704.3500	
S.E. of regression	0.0950	Prob(F-statistic)	0.0000	
Dependent Variable: CRDI				
Method: Panel EGLS (Cross-section weights)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.3234	0.0559	5.7833	0.0000
BSIZ	0.0038	0.0028	1.3298	0.1855
BIND	-0.0463	0.0439	-1.0531	0.2939
BNAT	0.0190	0.0485	0.3907	0.6966
RCSIZ	0.0379	0.0079	4.7734	0.0000
AFZ	-0.1213	0.0352	-3.4411	0.0007
FAGE	0.0058	0.0014	4.1824	0.0000

Source: **Researcher's computation (2025).**

Model statistics

The panel EGLS regression with cross-section weights addressed heteroskedasticity and serial correlation. The model shows very high explanatory power (R^2 = 0.5905; adjusted R^2 = 0.5891), with the F-statistic (704.35, $p < 0.01$) confirming overall significance. The Durbin-Watson value (1.5885) indicates moderate, but acceptable, serial correlation given the EGLS correction.

Test of hypothesis

H1: Board size has no significance effect on corporate risk disclosures of listed consumer goods companies in Nigeria. The coefficient of board size is positive (β = 0.0038) but statistically insignificant at the 5% level (p = 0.1855). This suggests that variations in the size of the board of directors do not have a significant effect on the level of corporate risk disclosure among listed consumer goods firms in Nigeria. Consequently, the null hypothesis that board size has no significant effect on CRDI is retained.

H2: Board independence has no significance effect on corporate risk disclosures of listed consumer goods companies in Nigeria. Board independence shows a negative and statistically significant effect on corporate risk disclosures (CRDI), as indicated by a p-value of 0.0057. This finding suggests that firms with a higher proportion of independent directors tend to disclose less risk-related information. The reduction in disclosure may be attributed to challenges in achieving consensus, limited firm-specific knowledge, or communication gaps within a more independent board. These dynamics may hinder the board's ability to drive transparent and comprehensive risk reporting. Consequently, the null hypothesis that board independence has no significant effect on CRDI is rejected.

H3: Board nationality has no significance effect on corporate risk disclosures of listed consumer goods companies in Nigeria. Board nationality diversity shows a positive but insignificant effect on corporate risk disclosures (CRDI) (β = 0.0190, p = 0.6966). This indicates that having foreign directors on the board does not significantly determine the level of risk-related information disclosed by the firms. As such, the null hypothesis that board nationality has no significant effect on CRDI is upheld.

H4: Risk committee size has no significance effect on corporate risk disclosures of listed consumer goods companies in Nigeria. Risk committee size exhibits a positive and statistically significant influence on corporate risk disclosures (CRDI) ($\beta = 0.0379$, $p = 0.0000$). This finding suggests that firms with larger risk management committees are more likely to disclose risk-related information. Accordingly, the null hypothesis that risk committee size does not significantly affect CRDI is rejected.

Discussion of findings

The regression results indicate that board size has a positive but insignificant effect on corporate risk disclosure, suggesting that larger boards do not meaningfully enhance risk transparency among Nigerian consumer goods firms. While agency theory posits that larger boards improve monitoring, coordination challenges may dilute this effect. This aligns with Fransisca et al. (2022) and Oghuma & Garuba (2021), but contrasts with Emad et al. (2019) and Srairi (2018). Board independence shows a negative, insignificant effect, implying that higher proportions of independent directors do not increase risk disclosures. This contradicts agency theory expectations and findings by Irina & Musa (2021) and Fujianti et al. (2020) but aligns with Seta & Setyaningrum (2017). The result suggests independent directors may adopt conservative disclosure practices or face coordination challenges. Board nationality diversity is positively but insignificantly related to risk disclosure, indicating that foreign directors alone do not substantially influence disclosure practices. This contrasts with Fransisca et al. (2022) and highlights potential integration or informational barriers limiting their impact. In contrast, risk committee size has a positive and highly significant effect on disclosure, demonstrating that larger committees enhance monitoring, risk assessment, and transparency. This supports agency and legitimacy theories and corroborates findings from Wada et al. (2023) and Hasan et al. (2023). Risk committee size thus emerges as a key driver of effective risk communication in the sector.

5. Conclusion

This study examined the effect of board characteristics on corporate risk disclosure (CRDI) among 18 Nigerian consumer goods firms from 2014 to 2023 using an ex post facto design and GLS panel regression. The findings reveal that board size has a positive but statistically insignificant effect on CRDI, suggesting that larger boards do not necessarily enhance risk disclosure due to coordination challenges. Board independence exhibits a negative and insignificant effect, implying that independent directors may adopt cautious approaches or face difficulties in reaching consensus. Board nationality shows a positive but insignificant effect, indicating that the mere presence of foreign directors does not significantly influence disclosure practices.

In contrast, risk committee size has a positive and significant effect, highlighting the importance of specialized governance structures in promoting comprehensive risk disclosure. The study also finds that firms audited by Big Four auditors and older firms tend to disclose more risk information, underscoring the roles of external oversight and organizational maturity in enhancing transparency. These results support agency and legitimacy theories, emphasizing the importance of internal governance mechanisms in reducing information asymmetry and maintaining societal approval.

Based on these findings, it is concluded that firms should focus on appointing directors with relevant expertise in risk management, finance, and corporate governance rather than merely increasing board size. Independent directors should be supported through proper orientation, access to timely risk information, and active engagement in disclosure processes. Effective inclusion of foreign directors requires training in local governance codes and fostering collaborative board practices. Finally, risk committees should be appropriately sized, well-resourced, and composed of qualified members to ensure comprehensive risk assessment and timely disclosure. These measures, alongside the influence of reputable auditors and firm maturity, collectively enhance corporate risk transparency, providing actionable insights for regulators, policymakers, investors, and corporate managers in emerging economies.

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Appendix:

Table 6: Corporate risk disclosures check list

	Corporate Risk Disclosures Check List	SCORE
Risk disclosure index for risk management	Note that the full board is responsible for risk	1
	Note how the board is involved with regard to the company's risk appetite or overall risk tolerance.	1
	Note that the company has a chief risk officer (CRO) or related position	1
	Note whether the CEO is responsible for risk management or how the CEO is involved	1
	Note whether a companywide corporate culture of risk management is being fostered.	1
	Note whether the company has a risk committee at management level	1
	Disclose whether risk management is aligned with the company's strategy.	1
	Disclose the main processes used by the risk management systems to identify risks	1
	Disclose the monitoring and review system in place to ensure continued comprehensiveness and relevance of the risk management system.	1
	Disclose the board's views on the effectiveness of the company's risk management processes.	1
	sub-total	10
Risk disclosure index for risk and risk identification	Disclose principal risks, rather than listing all possible risks	1
	Disclose company-specifi c risks, rather than the reporting of general risks	1
	Provide a discussion on each risk itself, rather than just cryptically listing the risk.	1

	Indicate the cause of each risk, even if just general.	1
	Note the possible impact that the possible occurrence of the risk event may have on the company in general.	1
	Support risk disclosure by quantitative disclosures.	1
	Note what impact the possible occurrence of the reported risks may have, specifically on the achievement of the company's strategic objectives.	1
	Disclose how principal reported risks are/were being mitigated.	1
	Disclose the company's risk appetite, even if it is only to state whether the risk appetite is increasing or becoming more risk averse.	1
	Explain changes in the company's risk exposure over the previous 12 months as a result of changes to the strategy or business environment	1
	Indicate if the company's risk exposure might change in the future, as a result of changes to the strategy or business environment	1
	sub-total	11
	grand total	21

The maximum score from the checklist is 21/21=1 which implies that the corporate disclosure index per period lies between 0 and 1. Adapted from Enslin et al. (2015).