Enterprise Risk Management Practices and Banks Value: Moderating Effect of Industry Competition

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Abstract

The study examines the moderating effect of industry competition on the relationship between Enterprise Risk Management (ERM) practices and Value of Firm. Secondary data were sourced from the Annual financial reports of 13 banks out of 16 banks listed by the Nigerian Stock Exchange (NSE) for the period of 2015 to 2019. The data were analyzed using Ordinary Least Square regression with robust standard errors. The results indicate that ERM operation objective has a significant positive effect on firm value, while strategy objective inversely affects value. Both reporting and compliance objectives have insignificant effect on firm value. In addition, the relationship between all the ERM objectives and bank value are moderated by industry competition. The study recommends among other things that regulators of Nigerian banks such as the Central Bank of Nigeria, and Securities' and Exchange Commission should see the need for strengthening of operation objective as a pressing priority and a more extensive publicity as it improves the value of listed commercial banks in Nigeria. The study is of benefits to regulators, Banks, investors, shareholders and other practitioners in understanding how ERM practices effectively influence firm value.

Keywords: Operation; Strategy; Reporting; Compliance.

1 Introduction

The major objective of organisation's management is the maximization of the present and improvement on the future performance of its business because it impact directly on the shareholders' value. However, this value may be negatively affected by organisational risk management if not handled properly. Risk management is an important function for organizations that deal with money, including banks and other financial organisations, (Udoka & Orok, 2017). The inability of banks to actively conduct risk assessments, mitigation and control its exposure may lead to poor performance of the organisation (Ahmed, 2016). Therefore, it is imperative to have risk management skills and competencies required to effectively meet a change in the customers' engagement imperatives, expectations, and performance appraisal, to improve business performance. These challenges are more prominent in the banking sector and hence the need for the proper adoption of ERM practices.

Recent Empirical studies have paid considerable attention to the relationship linking ERM and firm value based on the eight components as enshrine by The Committee of Sponsoring Organisations of the Treadway Commission (COSO 2004) including: internal environment, setting objective, identification of event, assessment of risk, control activities, risk response,

information and communication, and monitoring (Lai & shad, 2017; Ahmad &Manab, 2016; Mikes & Kaplan, 2014) which only shows level of implementation not its extent or effect. To address these in consistency this paper used ERM objectives which included all components.

Similarly, some strands of Literature introduced certain moderating variables in order to address the inconsistencies on the previous findings. These variables includes environmental uncertainty, firm sizes, firm complexity, industry competition, Board monitoring, (Gordon, Loeb, & Tseng, 2009), proposed risk type including undesirable, strategy execution and external risk event (Mikes & Kaplan, 2014). Though, Gordon, *et al*. (2009) proposed multiple contingents to strengthen the ERM link with firm value and their study suggested that researchers may consider either of these variables depending on their theoretical argument.

This study argues that the most crucial factor affecting the risk management and bank value relations in the Nigerian context is industry competition. The stiff competition that follows the 2008 global financial crises, 2015 recession, and the recent COVID 19 outbreak, which left banks scampering to reduce their declining profits, has raised serious concern about the implication of competition on the performance of banks. There are two theoretical perspectives that are connecting bank competition and its value, which are competition-stability and competition-fragility. Competition-stability equates banks competition with instability that reduces market share and profit margins, which in turn encourages managers to take higher risks to increase returns.

Competition-fragility, on the other hand argues that competition leads to low market power for asset creation, leading to reduction on interest rates and consequently leading to adverse selection, higher moral hazard and less loan and advances portfolios. Thus, based on the competition-fragility perspective, competition in the banking industry will result in higher risks, which in turn will affect firm value. Thus, both views demonstrate that the extent of industry competition tends to affect the risk management approaches and the bank value relationship. Hence, given the intense competition in the Nigerian banking industry, the study argues that industry competition has significant moderating role on ERM practice and Nigerian bank value.

Previous studies have attempted to investigate the link between ERM objectives and firm value (Alawattegama, 2018; Hoyt &Lienberg, 2015; Pratama, Sasongko, & Innayah, 2020; Ramlee& Ahmad, 2015; Soring, 2018). These studies have typically used some of the component or objectives of ERM as enshrined in the COSO (2004) and ISO (2009) framework. However, the selections of variables by these studies are not comprehensive. This study addresses these shortcomings by studying all the ERM objectives variables (strategy, operation, reporting and compliance) in relation to firm value. Also the study investigates the moderating role of industry competition on the ERM practice and Nigerian banks value relationship, testing the following specific hypotheses:

H_{01}: ERM objectives has no significant effect on the value of listed Commercial banks in Nigeria

H_{02}: Industry competition has no significant moderating effect on the relationship between ERM operation objectives and the value of listed Commercial banks in Nigeria.

This paper focuses on the effect of ERM practices on the value of the banking industry in Nigeria. Specifically, the study examines the relationship between ERM, industry competition and value of the banking industry in Nigeria. The ERM variables are from COSO (2004) framework that includes strategy, operation, reporting, and compliance. These variables form

the core of ERM objectives, and they have been rarely examined together by previous studies. The study adds to the literature by providing additional insights concerning the interaction among ERM, industry competition and bank value in Nigeria.

2. Literature Review

2.1 Concept of Firm Value

Firm value refers to the economic measure of an organisational performance reflecting the equivalent value of the company (Li, Wu, Ojako, Marshal, &Chipulu, 2014). Based on this submission, it is evident that the concept of value and performance closely related. The important thing to note is that value focuses on the company's capital structure, so it can be used to compare companies with different capital structures (Quiry, Fur, Salvi, &Dallocchio, 2011). Empirical evidence established that accounting measures of value are misleading, it fails to consider accounting conventions regarding R&D, systematic risk differences, effects of temporary imbalance, tax laws, inventory valuation and advertising (Singh, Tabassum, Darwish, & Batsakis, 2017). The use of accounting-based performance indicators will produce estimation deviations that are beneficial to industry effects.

Therefore, several previous studies have used Tobin's Q value and found that it is a more attractive corporate performance indicator compared with accounting-based performance indicators (Wolfe & Sauaia, 2003). By combining the capital market's measurement of company rents, Tobin's Q indirectly applied the correct risk-adjusted discount rate to estimate equilibrium returns and minimize distortions caused by tax laws and accounting practices.

2.2 Enterprise Risk Management (ERM)

Casualty Actuarial Society CAS (2003:8) Committee on ERM defines "ERM as the discipline by which an organization in an industry assesses, controls, exploits, finances, and monitors risks from all sources for the purpose of increasing the organization's short- and long term value to its stakeholders". Similarly COSO (2004:2) defines ERM "as a process, effected by an organization's board of directors, management and other employees, which is applied in strategy setting and throughout the entity, and is designed to identify likely events that may influence the entity and manage risks to be in accordance with its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives". This definition emphasizes the importance of management and other staffs in providing reasonable assurance for the achievement of the organisational goals and objectives.

Organizations that integrate ERM into the entire entity can achieve many benefits, including: Increased in opportunities and, potentials identify and manage risks holistically, for positive results and reduction of negative surprises. It also improves resource allocation for enhance corporate flexibility (COSO, 2017).

ERM Objectives

COSO ERM (2004) enshrines four objectives, which include operation, reporting, compliance and strategy; this is an extension to, narrower framework for the internal control (IC) COSO's (1992) with strategic objective clearly incorporate. These objectives are discussed in turns as follows:

Operation refers to the productivity or operating efficiency of maximizing output at a given input level or minimizing input at any given production level. It is the ratio of input to output in business operations (Gordon et al., 2009).Therefore, increasing the output under a certain input level or reducing the input under a certain input level means better work efficiency. It can be reasonably expected that higher operational efficiency will reduce the company's overall risk of failure, thereby improving its overall performance.

Reporting reliability refers to the extent to which reported earnings reflects the actual economic condition of a firm. In terms of report reliability, the report concept is most suitable for discussion. Illegal income management, restatement and fraud all provide evidence of bad financial reports (Cohen, Krishna, Moorthy and Wright, 2012).

Compliance describes how firms adhere to laws, regulations, policies that are relevant to business operations. In addition to the reduction of business complexity, compliance with regulatory provisions reduces the transaction cost and facilitates the achievement of strategic business objectives (OECD, 2009). Compliance in a corporate setting is perceived from at least two different perspectives; compliance with regulations and compliance audit (Gordon, *et. al,*. 2009). Regulatory compliance is categorized into internal and external regulations. While the internal regulations related to standards such as corporate governance, the external regulations include (industry standard, risk management standard, and certification standard).

Strategy is the way an organization positions itself in the industry relative to its competitors. It is the way of managing risks to achieve set objectives (COSO, 2017). In executing its strategy, the company will try to develop competitive advantage over the other firms operating in the same industry. This advantage should reduce the company's overall failure risk, thereby increasing the company's performance and value. Companies in the same industry compete for sales opportunities (market share) within the industry. Therefore, the high sales of company i in relation to the industry's average sales implies that company i performs better than its average competitor.

Industry Competition (IC)

Industry competition (IC) is the basic concern of entire business organizations because it affects their performance and values (Gordon, Tseng& Loeb 2009). Industry competition is increasingly recognized as a serious issue of concern for all companies, due to the reduction of pressure from international competition, regulatory and trade barriers, rapid development of technological inventions and innovations, and changes in customer needs. (Golshan & Rashid 2012). There are many banks in an industry that provide similar services, and the products and services of one bank can replace another bank, which makes competition for a company more intense, implies that banks in this industry face huge risks that made it difficult to maintain a sustainable level of profit. It is unlike where there is only one bank within an industry proving services. In this case, the demand for the bank products and services exists in this latter industry; the bank's risk of not earning a sustainable level of profits is relatively low.

Casualty Actuarial Society (2003) Argued that the extent of competition a company faces is proportionate to its need for ERM, and the higher the level of sales competition in an industry, the more valuable the ERM system is for companies in that industry. This submission is in line with Gordon et al. (2009), argument that there is a positive correlation between the degree of industry competition that companies face and their demand for ERM systems. Although the relationship between ERM and company value will depend on the consistency between the levels of industry competition faced by banks and their ERM objectives, this is not

always the case, because it depends on the market share and implementation level of individual banks.

2.3 Review of Empirical Literature

ERM practices have been widely discussed by previous studies. While many studies opined that ERM creates value (Ahmed & Manab, 2016; Baxter et al., 2013; Florio and Leoni; 2016; Farrell and Gallagher, 2019; Hoyt & Lienberg, 2015; Lai and Shad, 2017; Mahmud & Sabo 2019; Pratama, Sasongko, and Innayah, 2020; Mutheveloo & Ping, 2015; Soring, 2018;) and suggested the channels through which value could be created.

Some empirical literature argues that ERM have no value implication (Alawattegama, 2018; Beasley, Pagach, & Warr, 2008; McShane, Nair, & Rustambekov, 2011). Other claims that it even create negative value (Hafizuddin-Syah et al 2014; Lin, Wen, and Yu, 2012). The reasons provided include the arduous and time-consuming learning process, ambiguous procedures and mechanisms, and the high cost of implementing ERM. Although the design of ERM is superior to traditional risk management, it does involve a lot of costs in all aspects.

Similarly, in order to address the inconsistencies on the proposed value propositions of ERM scholars proposed the incorporation of certain moderators that are contingent on the relationship. Gordon, *et. al.* (2009) proposed environmental uncertainty, industry competition, firm size, firm complexity, and board of directors' monitoring. Mike & Kaplan, (2013) suggested risk type (undesirable, strategy execution and external risk event); Ahmed & Manab (2016) introduced board equity ownership as moderator.

2.4 Theoretical Framework

Organizational contingency theory is the main theoretical perspective used to observe organizations. Since the 1960s, it has been an important part of the scientific background of organizations. By developing its ERM framework, COSO (2004) recognized that the proper ERM system may differ from one company to another, and COSO recommends an organization-specific view of contingency that is applicable to ERM systems (Tseng, 2007). The view contingency theory on ERM practice is in line with the empirical evidences that investigated the overall structures of management control systems.

Gordon, *et. al.* (2009) examines the critical factors in the contingency relation between a firm's ERM system and its performance. This contingency relationship is "far from an exact science." The study stress out that, there is no universal system or framework that enables to examine the key factors influencing the ERM practice and the organisational performance or other variables. Relating to ERM practice and performance of the firm, the study extended to other critical factors, necessary for success as access to credit financing. However, based on extensive literature, the study suggested five prerequisites necessary for the understanding of ERM practice and general enterprise performance. These factors include environmental uncertainty, industry competition, firm size, firm complexity, and board of directors' monitoring. In this study, the moderating role of industry competition is being examined with the effect on the degree of ERM practices.

3. Methodology/ material.

This study adopts the correlational design, which is useful in establishing the existence and nature of relationships, associations, and interdependence between the variables of studies. The design provides direction and magnitude of association between ERM practice and firm value among commercial banks in Nigeria and the moderating role of industry competition.

The population of this study comprises the 16 Nigerian Commercial Banks (CBs) listed by Nigeria stock exchange (NSE) as at 31st December 2019.

However the following criteria were adopted on the population, to qualify a bank for the sample of study. The CB must be listed on the NSE before the beginning of study period 2015 and the bank must published and made publicly available their annual report up to December 2019. Based on the first criterion, Heritage Bank, Polaris Bank was filtered out because it was listed during the study period. While and Diamond Bank were acquired within the period Wema Bank is a regional bank in which performance may be influenced by cultural factors. Thus, 13 banks formed the modified population used in the study.

We use secondary data from the financial statement and annual report of the thirteen (13) CBs from 2012 to 2017. The data are analyzed using descriptive statistics, correlation matrix and panel regression techniques. In line with previous studies such as Annamalah et al. (2018) and Soring (2018), the regression models are stated as follows:

$$FV_{it} = \alpha_0 + \beta_1 OP_{it} + \beta_2 ST_{it} + \beta_3 RE_{it} + \beta_4 CO_{it} + \varepsilon_{it} \quad \text{I}$$

Model I investigates the direct effect of the ERM variables on the value of firm. This is necessary because, according to Kim, Kaye and Wright (2001), for the moderation proposition to be valid, there should be an increase in the adjusted R-square (coefficient of determination) by at least 1%.

$$FV_{it} = \alpha_0 + \beta_1 OP_{it} + \beta_2 ST_{it} + \beta_3 RE_{it} + \beta_4 CO_{it} + \beta_5 IC_{it} + \varepsilon_{it} \quad \text{II}$$

The contingency theory holds that the role of ERM on firm value is contingent of certain factors including the industry competition. Thus, incorporating the effect of the moderating variable (industry competition), the model for testing the hypotheses of the study is stated as follows;

$$FV_{it} = \alpha_0 + \beta_1 OP_{it} + \beta_2 ST_{it} + \beta_3 RE_{it} + \beta_4 CO_{it} + \beta_5 IC_{it} + \beta_6 OP * IC_{it} + \beta_7 ST * IC_{it} + \beta_8 RE * IC_{it} + \beta_9 CO * IC_{it} + \varepsilon_{it} \quad \text{III}$$

Table 1 shows the variables' definition and measurement.

Table 1
Variables Measurement

Variable	**Acronym**	**Measurement**	**Source**
Firm Value	FV	Tobin's Q measured by sum of market value of equity plus book value of liability divided by book value of asset.	Hoyt & Liebenberg (2015), McShane et al. (2011).
Industry Competition	IC	One minus the Herfindahl–Hirschman Index (1-HHI). The HH is derived from the sum of squared market shares of all banks in the industry. i.e firm's turnover divided by the total turnover of the industry.	Gordon et al. (2009)
Strategy	ST	Measured as turnover by bank i minus the industry's average turnover mean divide by standard deviation of turnover of all banks in the industry.	Tseng (2007), Gordon et al. (2009)
Operation	OP	Measured as operation turnover divide by Total Assets.	Tseng (2007), Gordon et al. (2009)
Reporting	RE	Measured as normal accruals divide by sum of normal accruals and abnormal accruals.	Tseng (2007)
Compliance	CO	Measured as auditor's fees divide by total asset.	Gordon et al. (2009)

4. **Results /Findings**

The presentations of the results begin with descriptive statistics, correlation matrix, regression results and post-estimation tests.

Table 2
Summary Statistics

Variable	TQ	OP	ST	RE	CO	IC
Mean	1.883	0.135	-0.098	0.805	0.131	0.891
Std. dev	1.767	0.124	0.722	0.232	0.044	0.191
Minimum	1.003	0.004	-1.325	0.058	0.025	0.210
Maximum	8.115	0.718	2.209	0.999	0.278	0.999

The descriptive statistics result in Table 1 indicated that the Tobin's q average for the period of study was 1.89. The standard deviation of 1.77 indicated a highly dispersed data from the mean. Minimum and maximum Tobin's' Q are 1.00 and 8.12 respectively. For operation objective, the average is while the standard deviation is 0.12 indicating a poor dispersion of operational efficiency, which further buttressed by the minimum of 0.00 and maximum of 0.72. Also the mean and standard deviation for Strategy objective are -0.10 and 0.72 respectively. These values indicate that the Nigerian banks had relatively low strategy efficiency since the measure of strategy is the standard deviation of a firm's turnover from the industry mean. The 0.72 standard deviation indicates that dispersion of the data from the mean value is high. Besides, the minimum of -1.32 and maximum of 2.21 show the vast difference in the banks' approach to strategy objective.

Reporting objective has an average of 0.81, which indicates that the earnings reported by the banks are of high quality and there is a low prevalence of earnings management. The low

standard deviation of 0.23 shows that the deviation of the data from the mean value t is not much. Similarly the minimum of 0.05 and maximum of 0.99 values are indication that while some firms have a low quality of earnings, others have highly qualitative earnings. The average compliance objective is 0.13, which means that the mean audit fees paid by the banks during the period are almost 13% of total assets. The low standard deviation of 0.004 shows that the compliance objective (audit fees as a proportion of total assets) does not significantly vary across the banks. This value is however low in some cases as a particular bank expended less than 0.2% (0.025).

The moderating variable industry competition has mean value of 0.19 and the standard deviation of 0.12. These values indicate that the total turnover or interest income of the individual banks is about 19% of the total banks turnover (after deducting the Herfindahl-Hitchman index). These indicate that the data's mean value dispersion from standard deviation is low.

Table 3
Correlation Matrix

Variable	TQ	OP	ST	RE	CO	IC
TQ	1.0000					
OP	0.7557	1.0000				
ST	0.1267	0.3723	1.0000			
RE	0.0222	0.0932	0.1752	1.0000		
CO	0.3434	0.5526	-0.1546	0.1046	1.0000	
IC	-0.0397	-0.1423	-0.2726	0.1255	0.0297	1.0000

The correlation matrix above reveals that the ERM objectives and the firm value are positively related, indicating that banks' value reacts positively to the operation, strategy, reporting and compliance objectives. The relationship between the objectives and industry competition is negative implying that as the ERM objectives increase, all things being equal, the effect of industry competition reduces. The correlation coefficients among the individual independent variables are mild within acceptable threshold of 0.80 (Guajarati, 2003) which indicates that the variables can be studied together in the same regression model, which means the variables are well selected and are not duplicated in the study because they do not proxy the same thing.

The study tests whether industry competition has a significant moderating effect through the estimating of base model (the regression analysis without the moderation) and compares the R-squared with the model testing the moderation effect. The two regressions indicate a significant difference between the result of direct relationship and the one moderating variable is added. This is evident in the increase of R-squared from 0.634 in the result without moderation to 0.658 in the result that incorporates the moderator variable. Also, there is increase in model fitness as shown by the F. value from 26.01 to 28.17. These indicate that industry competition significantly moderates the ERM and firm value relationship. Kim, Kaye, and Wright (2001) observed that if the increase in R-Square for the interaction model is close to 0.02, the moderation hypothesis is supported.

Table 4

Regression Result

Variable	Coefficient	Std. Error	T. Value	Prob.
Constant	-0.189	0.825	-0.23	0.819
OP	13.956	1.952	7.15	0.000
ST	-0.706	0.221	-3.20	0.002
RE	-0.746	0.686	-1.09	0.280
CO	1.973	4.968	0.40	0.693
IC	0.383	0.482	0.79	0.430
IC*OP	-9.402	2.306	-4.08	0.000
IC*ST	0.423	0.135	3.13	0.003
IC*RE	1.950	0.934	2.09	0.041
IC*CO	-37.837	19.213	-1.97	0.053
R-Squared	0.7513			
F. Stat	87.38			
Prob.	0.000			

The study runs the panel regressions using both the fixed effect and random effect models and conducts Hausman Specification test. The result shows a chi of 10.2, which is not significant at 5%. Based on this, the Lagrangian multiplier test shows that the probability of chibar2 is not significant. Since there is no existence of panel effect in the data set, ordinary least square method with robust standard error is used to test the research hypothesis.

The results above table above show that the ERM practice has a positive and significant impact on the value of Nigerian Commercial banks. This result is consistent with the empirical evidence of Noor and Ahmad (2012) and earlier studies by Gill et al. (2014), they reported the significant positive impact of corporate risk management operational objectives on company value. However, it contradicts the findings of Soring (2018) that ERM operation objective is detrimental to corporate value. The finding implies that banks that implemented ERM operation objective view and managed risk in the form of a portfolio, have improved value.

The result also shows that ERM strategy objective has negative and significant effect on the value of Nigeria commercial banks. The result corroborates the finding of Hossaini and Sheikhi (2012). The implication of this finding is that compared with non-ERM companies, firms with ERM level of capital investment is higher, but invest less additional capital and their success rate in terms of income/return is lower or negative. This unexpected finding indicates that ERM companies tends to be more conservative in their market strategies, and are more concern with downside risks than the company's upside potential.

Further the effect of ERM reporting objective on the value of Nigeria commercial banks is not significant. This result is similar to the results of McShane et al. (2011), who found that ERM has no value addition. This finding is contrary to the general expectation that the effect of ERM practices on value is positive and significant. It also implies that the reporting objective may not have been strictly pursues to the extent that enhances value of banks in Nigeria

In addition, the effect ERM compliance objective on the value of listed Nigerian commercial banks is no significant. This finding suggested that when firms adhere to applicable laws and provisions, they tend to have increased value. Thus, the result is line with the previous literatures that have reported the positive influence of compliance on value (Abiola & Ojo, 2012; Martens &Teuteberg, 2011). The insignificant result may be because the regulatory

provisions are not effective. The quality of the statutory requirements is critical towards effective compliance processes for firms. It is against the results of studies that have indicated that weak statutory provisions decrease compliance and reduce the firm's ability to meets their objectives (Tariq & Abbas, 2013).

The result indicates that the operation objective and firm value relationship is depending on the level of industry competition. More specifically, it implies that operation objective negatively influences firm value in the face of stiff industry competition. This finding is consistent with our priori expectation that the level of industry competition matters in ERM-firm value relationship. The result supports the argument of Gordon et al. (2009), documenting that the ERM and firm value relationship is contingent on certain factors specific to firm, which includes industry competition.

The moderating role of industry competition on strategy and firm value relationship is significant. However, the direction of the direction of the relationship has change, from negative to positive after interacting it with industry competition. The result points to the possibility that the ERM strategy objective works best in favor of the banks when the competition is stiffer because in executing its strategy, the banks try to develop and maintain an advantage over their competitors in the same industry especially when it perceives that the threat to lose customers to its closest rivals is high.

Similarly the moderating role of industry competition on reporting objective and firm value relationship is positive and significant and the direction of the relationship is similar for the both direct and moderated models. The finding is consistent with the existing literature, that the individual firms' cost of equity capital is affected by quality of financial information through either market liquidity or investor's information risk exposure.

With regards to the moderating roles of industry competition on compliance objective and firm value relationship, the study reveals a significant adverse effect. This finding is in line with our a priori expectation that high compliance with laws and regulations are only useful in specific industry settings. Since the study measures compliance as audit fees to firm size the ratio, these findings support the theoretical argument that the increase in audit fees depends on the possibility that the audit company may cause future losses due to cooperation with that particular client (e.g Choi et al., 2008).

The findings should interest regulators, practitioners and other corporate stakeholders in both banking industry and other financial institution such as CBN, NDIC, SEC and NAICOM as it demonstrates how ERM affect the value of Nigerian Commercial banks. The study investigates each of the four COSO ERM objectives about firm value exposing the need for banks and regulatory agencies to design and implement policies that will improve the value of the banks in the face of serious business.

5. Discussion and conclusion

The study investigated the moderating role of industry competition on the ERM and firm value relationship of listed Nigerian Commercial banks. Based on the findings, the study concludes that ERM operation objective has significant positive effect on firm value. While the effect value reporting and compliance objectives are not significant while strategy objective has a significant negative effect. The moderating roles of industry competition on ERM objectives and firm value relationship are all significant.

The finding is indicative of the fact that the success of ERM objectives is dependent on the level of competition in the industry. Intense competition reverses the effect of ERM operation objective on the value hence its implementation by firms that enjoy less market share is detrimental to their value. In addition, moderating effect of industry competition on compliance objectives and bank value relationship is negative and significant. More importantly, industry competition has a significant positive moderating effect on the strategic objectives and the bank value relationship. Lastly, industry competition has a significant positive moderating effect on the relationship between ERM reporting objectives and value of Commercial banks.

Based on the findings, the following recommendations are pertinent;

1. The study recommends that, among other things, Nigeria's central bank, the Securities and Exchange Commission, and other Nigerian banks' regulatory agencies should make the need to strengthen their business objectives an urgent priority, and should conduct more extensive publicity to increase the value of listed Commercial Bank of Nigeria.

2. The management of banks and regulatory authorities should ensure that in pursuing the strategy objective of ERM, the cost of investment should be minimal such that it will not water down the banks' value.

3. Management of Commercial banks should match the unavoidable industry competition with adequate and cost-effective operational strategy to gain improved banks' value.

4. In situations of high industry competition, management of listed Commercial banks in Nigeria should match compliance with the regulatory requirement with effective corporate strategies to improve value especially, where the banks' market share is low relative compared to its competitors.

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