# IMPACT OF CORPORATE RISK ON FINANCIAL PERFORMANCE OF LISTED FOOD AND BEVERAGE COMPANIES IN NIGERIA

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**Abstract**
*This study investigated corporate risk and financial performance of food and beverages companies in Nigeria. It focuses on how risks such as liquidity, credit and operational risks affect return on assets. The food and beverages sector plays a significant role in national development through its contribution to GDP, job creation and provision of essential households' consumables. Given the dynamic and uncertain operating environment, effective risk management is crucial for sustaining performance in the sector. Despite its importance, there is limited empirical evidence in Nigeria that jointly considers the effects of credit, liquidity, and operational risks on ROA within this sector; hence, this study focuses specifically on listed food and beverages companies. The study used an ex-post facto research design, and the period of study is 5 years ranging from 2020-2024. All 14 listed companies in the sector were covered by this study. Data were also obtained from annual financial statements of the sampled companies and analysis were done using regression technique with the aid of Stata 13 version. The results revealed that credit risk has a negative and statistically significant effect on ROA, suggesting that higher credit exposure reduces profitability. Liquidity risk was found to have a positive but statistically insignificant effect on ROA, suggesting a weak influence on performance. In contrast, operational risk exhibited a positive and significant effect on ROA, implying that effective management of operational activities can promote financial performance. Finally, corporate risk remains a critical determinant of performance in the Nigerian food and beverages sector. The study therefore recommends that companies adopt more stringent credit evaluation procedures and continuously monitor their credit portfolios to minimize default risk. Additionally, companies should ensure adequate liquidity levels to ensure they can meet short-term obligations without disrupting operations.*

**Keywords:** Credit risk, Liquidity risk, Operational risk, Return on assets.

## 1. Introduction

In the contemporary global business environment, food and beverages industry remains a vital sector of the Nigerian economy, with a major impact on foreign exchange, GDP, job opportunities and the consumption need of the household. Every economy globally depends in one way or the other on manufacturing sector, especially food and beverage segment of which Nigeria is not exceptional. This industry operates in a dynamic environment characterized by fluctuating consumer taste, volatile input cost, change in regulation and macroeconomic

instability. The nature of food and beverages industry involves tight margins, complex chain while depending on both local and foreign or imported raw material. To ensure long term survival of this industry, effective corporate governance is essential to sustaining competitive advantage and long-term survival (Kafidipe et. al, 202). Corporate risk management is viewed as identifying, assessing, and reduction of risk that threatens the accomplishment of the objectives of the organization.

Food and beverage companies in Nigeria face numerous risks that are particular to their activities, such as credit liquidity and operational risks. Liquidity risk occurs due to company's inability to meet its obligations financially, when necessary, without incurring unacceptable losses. In an industry where cash conversion cycles can be elongated by supply delays or inventory challenges, inadequate liquidity management can quickly disrupt operations. Credit risk, on the other hand, involves losses from customers or counterparties failing to fulfill financial commitment. Given the increasing trend of trade credit in the Nigerian food and beverage sector where distributors and retailers negotiate extended payment terms exposure to bad debts becomes a major concern (Oluwadamilola & Hassan, 2023; Oluwaleye et al, 2023). Threats resulting from internal procedures, human failure, systems, or other external factors that interfere with regular corporate operations are refers to as operational risk. For food and beverage companies, this can include supply chain breakdowns, equipment failures, food safety breaches, and labour issues, all of which can have significant financial and reputation implications.

Financial metrics like ROA are frequent measures of profitability, which is a primary concern of corporate management. This is mostly used in determining management effectiveness and the success of operations demonstrating the company capability to make money from asset usage. ROA is a useful performance indicator ratio, especially in companies such as food and beverages companies where there is stiff competitions and recurring external factors such as inflation, exchange rate fluctuations and currency devaluation. Even though risk management is crucial, most companies find it difficult to successfully align their risk management procedures with performance objectives. Companies in Nigeria such as food and beverages are faced with performance inconsistency due to series of risk that threatened the efficiency of operations and financial stability. The sector is confronted with high risk of operation; liquidity challenges has also deteriorated due to inflationary crisis and foreign exchange volatility. Conversion of assets to cash when the need be has been made difficult due to liquidity challenges. Also, there has been an increase in credit due to prolong payment from distributors and this ultimately leads to possibility of bad debt occurring. Also, other components of risk such as currency depreciation and prices of commodity continue to take away the profit (Toufaini, 2023, Ramazan, & Gulden, 2019).

Despite these challenges, there are inadequate studies on other factors of risk that impact financial performance of foods and beverages companies. Some companies manage to perform well in the midst of exposure to adverse risk, while others still battle to maintain profitability. This variation raises concern about risk management strategies in existence and the way in which particular risk dimension affects

financial success such as ROA. Moreover, studies conducted previously in Nigeria and across the globe were in different field and industry rather than isolating the food and beverage companies, which has a unique operational feature. Therefore, there is a gap in knowledge regarding how credit, liquidity and operational risk management affects the financial success of food and beverages companies in Nigeria. Therefore, this research examines the interaction between corporate management and financial performance of Nigerian food and beverages, companies in Nigeria focusing on liquidity, credit and operational risk with ROA as measure for financial performance. This paper is divided into three parts: introduction, literature review and results and discussion.

**1.2 Objectives of the Study.**

The main objective of this research work is to investigate how corporate risk affect the financial performance of listed food and beverages companies. Other objectives are to:

i. ascertains the impact of credit risk on ROA of listed food and beverages companies in Nigeria

ii. investigate the impact of liquidity risk on ROA of listed food and beverages companies in Nigeria

iii. examine the impact of operational risk on ROA of listed food and beverages companies in Nigeria.

**1.3 Research Questions.**

The following question were drawn:

i. How does credit risk impact ROA of listed food and beverages companies in Nigeria?

ii. How does liquidity risk impact on ROA of listed food and beverages companies in Nigeria?

iii. How does operational risk impact on ROA of listed food and beverages companies in Nigeria?

**1.4 Hypotheses of the study.**

$HO_1$: Credit risk has no significance impact on ROA of food and beverages companies in Nigeria

$HO_2$: Liquidity risk has no significance impact on ROA of food and beverages companies in Nigeria

$HO_3$: Operational risk has no significance impact on ROA of food and beverages companies in Nigeria.

**2.0 Literature review.**

**2.1 Corporate risk**

Corporate risk is critical aspect in business strategy that ensures organizations can identify and address uncertainties before they escalate into major financial or operational crises. It provides a structured approach to dealing with risks that could hinder the achievement of business goals, ensuring long-term sustainability Akuma et al., (2022). Additionally, Agbarha (2023) explain that corporate risk management involves a step-by-step process, commencing with risk assessment, where potential

threats are identified, evaluated and categorized based on their level of severity. This phase is essential in prioritizing risks, as it helps organizations focus on high-impact threats that could disrupt financial stability. Conversely, Al-Nimer et al., (2023) emphasized risk mitigation strategies are just as important as risk identification. Organizations must implement preventive measures to lessen the possibility of occurrence of risk. These strategies may include adopting advanced technology, strengthening internal controls, or creating contingency plans to minimize financial losses in case of disruptions.

Moreover, Islam and Alhassan, (2021) argue that corporate risk management fosters a proactive culture within an organization. Instead of waiting for risks to materialize, businesses that adopt a risk-conscious mindset can anticipate potential threats and make informed decisions to protect their interests. This proactive approach is particularly beneficial in volatile industries, where market fluctuations and geopolitical risks are prevalent. Similarly, Adegbie and Adesanmi, (2020) highlighted that effective management of these risks enhances investor confidence. Investors are more likely to trust organizations with strong risk management frameworks, as these companies demonstrate the ability to safeguard assets and maintain financial stability even during economic downturns.

Hence, effective risk handling, therefore, plays a crucial role in attracting and retaining investors. Furthermore, Al-Swidi and Al-Hosam (2020) noted that corporate risk management is closely linked to compliance with regulatory frameworks. Companies operating in sectors like food and beverages companies must adhere to stringent regulations, and failure to do so can lead to legal consequences, fines, and reputational damage. A well- structured risk management system ensures compliance with industry laws and reduces legal liabilities. Consequently, Alzoubi, (2020) suggest technology is critical in modern risk management strategies. Many organizations are adopting artificial intelligence to enhance their ability to predict and manage risks.

### 2.1.1 Credit risk

According to Cynthia and Brian, (2025), credit risk means the probability of financial loss due to borrowers' failure to fulfill debt commitment. This type of risk arises when loan is taken, goods are received on credit or credit is extended to customer. If payment is not made at all or there is delay in payment terms, the business financial stability can be affected Olabisi (2023). In food and beverages industry, credit risk is of importance because companies depend heavily on supply chains major distributors and other retailer. Many of these companies purchases agricultural raw materials, packaging material on credit from suppliers. If the company witnessed low sales, disruption of supplies or rising cost of production, it may face difficulties in repayment terms. Also, these companies offer sales to supermarket, wholesalers on credit, if there is delay payment or default, the company may face cash flow problem. Poor credit policy can lead to loss of funds. Therefore, food and beverages must carefully assess their customer credit worthiness and ensure debt is managed effectively to ensure a stable business.

### 2.1.2 Liquidity risk

The inability of a company to fulfill financial commitment as at when due is referred to as liquidity risk. This could be as a result of insufficient fund or cash. This risk is peculiar to different industries, organizations and investors. When there is economic crisis or downturn, companies facing high liquidity risk may have problem paying creditors, employees which may eventually leads to reputational damage or financial distress. More, so liquidity risk arises when firms hold assets that cannot converted to cash easily. Oluwaleye et al., (2023) describe liquidity risk as the possibility of losses due to failure of a company to meet its maturing commitments or finance additional assets without incurring unexpected costs. This risk also hinders company's capacity to fulfill its commitments to third parties, resulting in internal financial difficulties that impact company performance (Gadzo et al., 2019).

It occurs when a company cannot quickly obtain fund needed for its operations. In food and beverages companies, liquidity risk can have serious operational consequence because these companies rely on continuous cash flow to purchase raw materials like agricultural products and other production input for. More so, it may hinder the company ability to pay for transport, employees or acquired the needed equipment for their operations. Therefore, effective cash flow management and effective financial planning are important for these companies to reduce liquidity and ensure operations are done smoothly.

### 2.1.3 Operational risk

Operational risk focuses losses arising due to failure in internal process, people or humanly errors system failure and its mismanagement can lead to disruption in operations inefficiencies and heightened costs. This risk arises from the daily operations of an entity and affects productive outcome as well as financial performance. A food and beverages company

faces operational risk because this company depends on complex production process, strict hygienic standards efficient supply chain. If any failure occurs in these areas, it can lead to financial losses, poor quality control or contaminated product can lead to loss of customer trust. Other external factors such as power surge, non-availability of raw material can further aggravate operational risk. Scholars such Allen et al., (2020) argued that robust operational risk frameworks contribute to smoother operations and improved performance

### 2.1.4 Financial performance

As stated by Oluwadamilola and Hassan, (2023) describe profitability as a degree by which company' can generate income and ensure expenses are well managed, as well as its efficiency in resources utilization. Key metrics such as liquidity, profitability and solvency ratio are to measure financial performance. Understanding and boosting financial performance especially for companies such as food and beverages companies that are capital intensive in nature is critical to ensure long term growth and sustainability. Companies like food and beverage companies, faces unique problems such as high operational cost, pressure on regulations, fluctuating prices of commodities, this makes financial performance a critical focus area. Furthermore, the company ability to meet financial obligations, investment in growth opportunities

and shareholders rewards is closely related to financial performance. Thus, measuring and improving financial performance is key to attract investors, secure finance and gaining market advantage

## 2.2 Empirical Review

Asimiyu and Akinumi (2025) investigated risk management and profitability of listed construction companies in Nigeria, the moderating role of board size. The study focused on real estate and construction companies in Nigeria covering 10 years period from 2014 to 2023. Ex-post facto research design was adopted. Analysis was done using panel least square regression. Its' findings showed operational risk exerts insignificant negative effect (ROA) of the estate/construction companies in Nigeria. Rasheed et al., (2025) explored the effect of credit management on financial performance of listed Deposit Money Banks in Nigeria. The study covers a period of 2013 to 2022. The study used ex post facto research design covering 10 listed DMBs. Analysis of data was done using panel least square. Result of the analysis revealed that credit risk management has a positive and significant effect on return of assets of the DMBs

Arta and Blerta (2023) investigated the effect of credit risk on the profitability of Commercial Bank in Balkan countries. Ex-facto research design was used. the focus of the study is on 26 credit banks for a period of 12 years ranging from 2010 to 2022. Financial performance was proxied by ROA and data analysis was done using regression analysis. The result obtained indicated credit risk is inversely related to financial performance. Udenwa et al., (2023) investigated the influence of liquidity risk on the financial performance of Deposit Money Banks in Nigeria. Ex-facto research design was used in the study with a focus on 11 Listed DMBs covering a period of 2014-2021. Secondary data were used. Regression analysis was done and result revealed operational risk has a statistical significance impact on ROA of DMBs.

Olabisi (2023) examine operation risk management on-financial performance of DMBs in Nigeria with focus on some selected commercial banks in Nigeria for a period 2008 to 2017. Linear multiple regression analysis was done. Result obtained showed there is positive relationship between operational risk and financial performance. The study is based on a limited scope; a longer sample size may make interesting research in the future. Allen et al., (2020) examined operational risk on the financial performance of banks in Tanzania. The study used longitudinal explanatory design using quantitative approach. The study focused on 41 commercial banks in Tanzania. Multiple regression analysis was done and result obtained indicated that operational risk statistically influences financial performance.

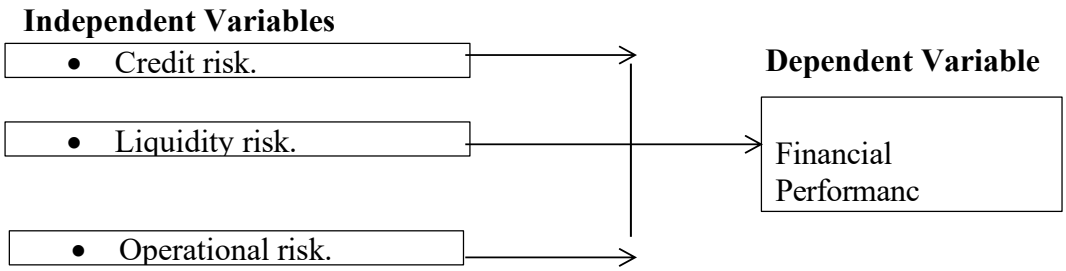
Allen et al., (2020) examined operational risk and financial performance of banks in Tanzania, the study used longitudinal explanatory research design panel data were used for the study and the population consist of 41 commercial banks covering a period of 2006 to 2019. Longitudinal approach was used in data analysis. The result from the analysis indicates operational risk has a negative and insignificant effect on return of assets of the banks

Also, Yinka et al., (2020) investigated the effect of liquidity risk and profitability of listed Deposit Money Banks in Nigeria. The study covers a period of ten (10) years from 2009 to 2018. The study used ex post facto research design and the population consisted of 15 DMBs listed on the Nigeria Exchange Group. Panel regression analysis was used in the study and the results obtained shows that liquidity risk has a significant effect on profitability.

Babatunde et al., (2020) examined the impact of credit risk performance with a particular focus on big and small banks in South Africa Commercial banks. Descriptive research design was used in the study. Data were obtained from 14 commercial banks. Regression was used in data analysis. Finding revealed that credit risk has significant great impact on performance measured by return on asset. Also, Sulieman et al., (2019) investigated risk management and financial performance of consumer goods companies in Nigeria. Population consists of 13 of companies. The study period covers 2014 to 2018 and ex post facto research design was used. Data were derived from the financial statements of the sampled companies. Analysis was done using regression methods and finding from study showed operational risk is statistically insignificant to financial performance of the sampled companies. Finding from study showed operational risk is statistically insignificant to financial performance of the sampled companies.

## 2.3 Conceptual Framework

This section explores various corporate risks that are expected to have an effect on company's financial performance based on the literature review that was illustrated earlier. Figure 1.1 presents the conceptual framework of this study. On the left hand-side are the listed corporate risk proxies namely, credit risk, liquidity risk and operational risk. These variables are related to the company performance, shown on the right-hand side, which is measured by return on assets.




## 2.4 Theoretical Framework

### 2.4.1 Trade-off theory

This study is underpinned by risk trade-off theory. This theory was developed by Harry Markowitz, (1952), which posited that investment decision should be evaluated on the basis of expected returns and level of risk associated with it. The theory emphasizes that rational decision-makers seek to maximize returns for a given level of risk, thereby operating along an efficient frontier. In the context of this study, the theory provides a foundation for understanding how corporate risk influences firm performance, especially return on assets. Specifically, firms are exposed to

different dimensions of risk, including credit risk, liquidity risk, and operational risk, which directly affect their ability to generate returns from assets.

Credit risk reflects the likelihood of default by borrowers and can negatively impact ROA through increased bad debts and loan losses. Liquidity risk relates to a firm's ability to meet short-term obligations, where inadequate liquidity may constrain operations and reduce profitability. Operational risk, on the other hand, arises from internal process failures, system breakdowns, or human errors, which can either enhance efficiency when well managed or reduce returns when poorly handled. In line with the risk trade-off framework, firms are expected not to eliminate these risks entirely but to manage and optimize them. Taking on an appropriate level of credit, liquidity, and operational risk can enhance returns on assets; however, excessive exposure may lead to increased earnings volatility, higher financial distress costs, and reduced firm value. Therefore, the theory supports the argument that effective corporate risk management involves balancing these risks to achieve optimal ROA, which aligns with the empirical investigation of this study.

## 3.0 Methodology

Ex-post facto research design was adopted in the study as it permits the examination of independent variables in retrospect for the possible influence on the dependent variable. The population consisted of the fourteen (14) food and beverages companies on the Nigerian Exchange Group (NGX). Census sampling techniques was adopted in the study. This technique was adopted because it permits the gathering of data from every sample in the population. Secondary sources of data consisted of the annual reports and accounts of the selected companies were the main source of data used in the study. Descriptive and inferential statistics were used to analyze the data. To determine the type and the level of relationship among the variables, multiple regressions were used to test the hypotheses at 5% level of significance. The theoretical and empirical specification of the models are summarized in Table 1

**Table 1: Variables and their Measurements**

| Variables | Type | Measurement | Source |
|---|---|---|---|
| Return on asset | Dependent Variable | PAT/Total asset | Rasheed, (2025) |
| Credit Risk | Independent Variable | Total debt to total assets | Yinka, (2020) |
| Liquidity Risk | Independent Variable | Current assets to current liabilities | Yinka, (2020) |
| Operational Risk | Independent Variable | Operating cost to operating income | Rasheed, (2025) |

**Sources: Author's Compilation (2025)**

## 3.1 Model Specifications

The objective of the study is to measure the impact of corporate risk on financial performance of listed food and beverages. To achieve this, the specified model below is used. Regression model is in line with the theoretical framework which relates to the variables are specified as

CR =f(CR, LR, OR) FPt = (ROA)

Where:

CR represents corporate risk
FPt represents financial performance ROA = the return on assets

This model was developed each to test the hypothesis
$ROA = \beta_0 + \beta_1 CR_{it} + \beta_2 LR_{it} + \beta_3 OR_{it} + \mu_{it}$ (1)

β0 = denotes the intercept
β1 = coefficient of explanatory variables
CR = credit risk
LR =liquidity risk
OR operational risk
i = cross – sectional variables 1, 2, 3… 14
t = time series variable 1, 2, 3 5 μ = the error term.

## 4.0 Data analysis and discussion of findings

### 4.1.1 Descriptive statistics

**Table 2. Descriptive of Variables**

| Variables | Mean | Std. Dev. | Min | Max. |
|---|---|---|---|---|
| ROA | 8.177727 | 1.083064 | 5.044387 | 9.856901 |
| CR | 1.476533 | 3.058262 | .913487 | 14.49192 |
| LR | 1.281648 | 1.54039 | .0107345 | 9.759993 |
| OR | 4.835987 | 3.747199 | -6.277153 | 9.290976 |

**Source:** Authors' Compilation, (2025)

It can be seen from the table that the average ROA has a mean value of 8.177727, this mean value shows that on average the companies generate 8.81% return on their assets. It also showed a standard deviation of 1.083064, an indication that ROA value do not vary widely from the mean with a minimum and maximum figure of 5.044387 and 9.856901respectively. Also, the mean value of credit risk of the companies is 1.476533 indicating a low credit risk among the companies. Also, there is wide variability as indicated by the standard deviation of 3.058262. Also, the minimum and maximum value of .9135 and 14.4919 showed that while some companies have low credit risk while others experienced significant higher credit risk.

Also, the table showed that liquidity risk has a mean value of 1.2816 which indicates that companies in the industry maintains a moderate liquidity position, there is also some level of variations in the liquidity position among the companies as indicated by a standard deviation 1.5404. the minimum and maximum value of .0107 and 9.7600 shows that some companies face moderately high liquidity risk. Finally, risk has an average risk of 4.8360 indicating that companies in the industry faces operational risk. Also, operational risk has a standard deviation value of 3.7472 indicating a high variability level of operational risk across the companies. The minimum and the maximum value of -6.277153 and 9.290976 showed a wide range of operational risk. This indicates that some companies experience operational challenges compared to others.

### 4.1.2 Correlation Matrix

This section focuses on the result of the correlation analysis that showed the degree of associations among the selected variables in this study. The correlation results which related return on assets to credit risk, liquidity risk and operational risk with each other is discussed.

**Table 3. Correlation Matrix of the Variables**

| Correlates | ROA. | CR. | LR. | OR. |
|---|---|---|---|---|
| ROA | 1.0000 | | | |
| CR | -0.5743 | 1.0000 | | |
| LR | 0.2322 | -O.1959 | 1.0000 | |
| OR | 0.2343 | 0.0002 | -0.0929 | 1.0000 |

**Source:** Authors' Compilation, (2025).

Table, 2 display the correlation showing the relationship between the variables. Correlation determines direction between the variables. The result indicates that ROA has a negative association with credit risk with a value of -.5743. This shows that a rise in credit risk will reduce ROA. Also, ROA has a positive correlation with liquidity risk with a value of 0.2322. This suggests that a rise in liquidity risk will result in increase in ROA. Finally operational risk is positively correlated with ROA with a value of 0.2343; this indicates a weak positive relationship between operating ratio and profitability.

### 4.2 Analysis and interpretation of regression result

This section presents the regression results of the dependent variables (ROA) and the independent variables of the study (Credit risk, liquidity risk and operational risk. The presentation was followed with the analysis of association between the dependent variable and individual independent variables; the cumulative analysis was also captured. The result of the hypotheses is displayed in the table 4 below followed by the interpretation of the hypotheses.

**Table 4: Regression Results (OLS)**

| **Variables.** | **Coefficient.** | **t-value.** | **p-value.** |
|---|---|---|---|
| CR | -0.19312 | -5.8 | 0.000 |
| LR | 0.1043571 | 1.58 | 0.118 |
| OR | 0.717044 | 2.70 | 0.009 |
| Prob | 0.000 | | |
| Number of Obs. | 70 | | |
| R-square | 0.4058 | | |
| Adj R-square | 0.3807 | | |

**Source:** Authors' Compilation, (2025)

The ordinary least squares (OLS) regression results presented in Table 3 indicate that the overall model is statistically significant at the 5% level. This is evidenced by the

probability value of 0.000 for the F-statistic, which is less than the threshold of 0.05. This suggests that the explanatory variables included in the model jointly have a significant effect on the dependent variable, and the model is appropriate for inference. The goodness-of-fit statistics show that the model has moderate explanatory power. The coefficient of determination ($R^2$) of 0.4058 implies that approximately 40.58% of the variation in the dependent variable is explained by the independent variables (Credit risk, Liquidity risk, and operational risk). The adjusted $R^2$ value of 0.3807 further confirms this, indicating that after adjusting for the number of predictors, about 38.07% of the variation is still accounted for. This suggests that while the model explains a reasonable portion of the variation, other factors not included in the model may also play a role.

**Research Hypothesis One ($HO_1$): Credit risk has no significance impact on ROA of listed food and beverages companies in Nigeria**

The regression result revealed that credit risk as depicted in Table 3, has a coefficient value of - 0.19312 which is significant at 5%. This indicates that credit risk has a negative and statistical effect on return on assets of the listed food and beverages companies in Nigeria. Also, this implies that for every 1 unit increase in current risk, the return on assets of food and beverages companies will decrease by approximately 19%. This makes the study to reject the first hypothesis which stated that credit risk has no significant effect on financial performance of
listed food and beverages companies in Nigeria. This is in line with the findings of Arta and Blerta (2023), Rasheed et al, (2025) and Babatunde et al., (2025).

**Research Hypothesis Two ($HO_2$): Liquidity risk has no significance impact on ROA of listed food and beverages companies in Nigeria**

In contrast, liquidity risk has a coefficient of 0.1043571 with a p-value of 0.118, which exceeds the 5% level of significance. This implies that Liquidity risk does not have a statistically significant effect on the dependent variable return on assets of food and beverages. Although the positive coefficient suggests a direct relationship, the lack of statistical significance means that this effect cannot be reliably generalized. This provides the basis for not rejecting the second hypothesis which presumed that liquidity risk has no significant effects on return on assets of food and beverages companies in Nigeria. This contradicts the study of Yinka et al., (2020)

**Research Hypothesis Two ($HO_3$): Operational risk has no significance impact on ROA of listed food and beverages Companies in Nigeria.**

Finally, operational risk shows a coefficient of 0.717044 with a p-value of 0.009, which is below the 5% threshold of significance level. This indicates that operational risk has a statistically significant positive effect on the dependent variable. In practical terms, a one-unit increase in operational risk is associated with an increase of approximately 71% in the dependent variable. This also provides a basis for rejecting the null hypothesis. This agrees with Allen et al., (2020) and Olabisi (2023) but contradict Sulieman et al., (2019). Overall, the findings highlight that credit risk and operational risk are the key determinants in the model, while liquidity risk does not significantly contribute to explaining variations in the dependent variable.

### 4.3 Conclusion

This study examined the effect of corporate risk particularly credit risk, liquidity risk and operational risk on financial performance measured by return on asset (ROA) of listed food and beverages companies in Nigeria. The addressed problem stem from reoccurring instability in the performance of the sector as a result of exposure to several risk dimensions and lack of the sector specific empirical evidence on how probability is influenced by these risks. The result of the analysis revealed that credit risk has a negative effect of ROA which means that higher exposure

to delay and payment defaults results to reduced profitability. Also liquidity risk was positively and insignificantly related to ROA suggesting that its effects on profitability are not strong enough to decisively influence outcome. However, operational risk displayed a positive and significant effect on ROA, suggesting that management of operational processes effectively may boast firm performance. The study concludes that while not all risk equally affect performance, optimization and proper management of major risk such as credit and operational risks are vital for enhancing profitability and guaranteeing sustainable growth in the Nigerian food and beverages industry.

### 4.4 Recommendations

Below are the recommendations of the study:

i. Companies should ensure a more stringent credit evaluation methods and monitor loan portfolio to lower risk of defaults.

ii. Companies should ensure adequate level of liquidity so as to meet their immediate short-term obligations without affecting operations adversely.

iii. To reduce operational failure, companies should enhance operational risk management by ensuring that improved internal control system is put in place, staff training and technology are in place to reduce operational failure.

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