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CORPORATE TAX STRUCTURE AND PERFORMANCE OF LISTED AGRICULTURAL FIRMS IN NIGERIA

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ABSTRACT

This study examines the impact of corporate tax structure attributes on the performance of listed Agricultural firms in Nigeria for a period of 10 years using listed Agricultural firms in the Nigeria Stock Exchange Market. Regression analysis was used to run the secondary data extracted from financial reports of the concerned Agricultural firms. Descriptive statistics and correlation matrix was employed to identify the normality of data and relationship existing between variables. Corporate Tax, Firm Size and Firm Age were used as independent variables while Return on Assets was employed to proxy performance. The findings revealed that Corporate Tax is positively impacting on performance of listed Agricultural firms at 1% significance. Firm Size is not significantly impacting on profitability of Agricultural firms. Firm Age is positively impacting on the profitability of quoted Agricultural firms at 10% significance. Based on the above findings, the researcher recommends that the Government should empower small and medium Agricultural firms by providing enabling environment, soft loans and other equipment needed for them to improve in their businesses which will also increase revenue generation through the taxes that such firms will pay to the government. Also the management of Agricultural firm should utilize its assets efficiently as excess production, poor inventory management will lead to a decline in profitability of the firm.

***Key Words**:* Corporate Tax, Firm Size, Firm Age, Return on Assets and Agricultural firms.

Introduction

The Agricultural sector of any economy play a very important role as it contributes to the growth of the economy which is reflects visibly in job creation and improved tax contribution. For a country like Nigeria to strengthen its economy and improved in the standard living of its citizen, the manufacturing sector has to be given maximum attention by the government. The drive of recent government to discourage importation of certain goods have made both local and international manufacturing companies in the country to stir up their production capacity in order to meet the demand of the public. In order to ensure rapid economic growth in Nigeria, there is need for government to encourage local manufacturers output through provisions of incentives from taxation. And through increase of import duties as to discourage importation of foreign goods which competes with local goods thereby increasing income generation from taxation which enhances economic growth. Government should continue to show fairness in fixing income tax of consumers so as to encourage consumers spending (Eyisi & Agbaeze, 2014)

Despite the efforts by the government to revitalize the manufacturing sector, some of these companies face a lot of challenges including tax burden. According to Adebisi and Gbegi (2013) government should come up with a uniform tax policies that will favour the development of SMEs in Nigeria and government should put into consideration the size of SMEs when setting tax policies. For Small and Medium Enterprises to get better equipped, have enough funds and survive in a competitive market, the rate of tax levied on the small business should be lower; The rate of tax incentives and exemptions which serve as catalysts and bait for attracting investors should be highly increased by the three tiers of government in Nigeria; Government should promulgate a policy that will help to avoid illegal taxes, such as community levy, boys or youth levy and as well as association or union levy; Any policy that will push for enough funds and other activities that will lead to Small and Medium Enterprises growth is good for promulgation and there should be consistency in tax policy that will cushion the effects of factors that militate against the expansion of SMEs in relation to their ability to pay taxes by government (Ocheni, 2015)

Further, there are certain incentives given by the government to manufacturing companies to encourage and sustain them in the economy. According to Rotimi and Henry (2017) more incentives be given to manufacturing companies especially during this era of campaign for use of made in Nigeria goods. Government should try as much as possible to strike balance between objective of aggressive tax mobilization and creating enabling environment for emerging businesses in Nigeria. Doing this, will quicken firms' growth and will pay higher taxes in the long run. There should be more awareness among manufacturing companies in Nigeria on the tax incentives available to them. They should also be encourage to take advantage of the tax incentives in order to increase the number of manufacturing industries in Nigeria (Uwalomwa, Ranti, Kingsley, & Chinenye, 2016)

Manufacturing sector in Nigeria could literally be assumed to have a vast potential for a spot for economic development due to abundant labour force coupled with the agrarian nature of the economy. However, the absorptive capacity for labour expected from agriculture and other spillover effects were soon proved mysterious. Sooner or later do import substitution industrialization and other incentives to attract foreign entrepreneurs failed, resulting in a weak and infantry manufacturing sector. This thus gives way for export promotion industrialization particularly in the early 1970s as Nigeria recorded windfall gains from crude oil sales. Moreover, the capital intensiveness of manufacturing sector as a result of induced technological advancement cannot be overemphasized. As such, manufacturing in Nigeria is tied to foreign exchange earnings for the purchase of capital equipment. Even the massive inflows of foreign exchange between 1970s and 1990s through crude oil sales could not provide the necessary stimuli for development in the manufacturing sector as it failed due to over dependent on external sector for the supply of inputs in the face of fast technological driven development world. In addition, there was weak demand for the sectors products and low export market Thus, the manufacturing sector did not record an impressive performance in the local sourcing of raw materials despite various incentives given by the government with the attendant increase in foreign exchange receipts as time progress.

Despite expectation of better business environment in 2016, the reverse was the case for operators in the manufacturing sector of the economy as the sector was one of those badly hit by the economy recession in the country despite attempts made to prevent it. According to pwcnigeria.typepad.com, on the last quarter of 2017 the African tax administration forum held an international conference in Abuja on Tax in Africa and launched its "toolkit for transfer pricing risk assessment in African mining industry" the toolkit gives tax administrations a step- by- step guide on how to review transfer price risks associated with related party transactions involving marketing, arrangements, intercompany financing, procurement services and management services.

In line with the challenges and prospect, it is utmost importance to examine the impact of corporate tax and firm characteristics on the performance of quoted manufacturing firms in Nigeria with respect to corporate tax, firm size, firm growth, and firm age as independent variables. By using these variables, this study will fill variable gap which is captured by very few previous studies particularly in Nigeria. This study will also fill in a period gap by extending the use of data to present times in order to breach the gap between now and previous studies which must have been overtaken by changes the economy activities that have link to the manufacturing sector both within and outside the country. This study will fill theoretical gap by combining the Gibrat's law of proportionate effect and the ability to pay principle which are captured by few studies. Owing to this controversy, the main objective of this study is to examine the impact of corporate tax and firm characteristics on the profitability of listed agricultural firms in Nigeria. Therefore the following specific objectives are:

i. To identify the effect of corporate tax structure on the performance of listed agricultural firms in Nigeria.

ii. To determine the impact of firm size on the performance of listed agricultural firms in Nigeria.

iii. To identify the impact of firm age on the performance of listed agricultural firms in Nigeria.

The following null hypotheses have been developed with a view to achieving the research objectives:

HO1 corporate tax has no significant impact on the performance of listed agricultural firms in Nigeria

HO2 firm size has no significant impact on the performance of listed agricultural firms in Nigeria.

HO3 firm age has no significant impact on the performance of listed agricultural firms in Nigeria.

The need for studies on the impact of corporate tax structure and firm characteristics on the performance of listed agricultural firms in Nigeria is important. For some decades now, Nigeria has depended on oil for its major income and foreign exchange. Oil accounts for about 80 percent of federal government revenues, and 95 percent of foreign exchange earnings. Prior to year 2007 the Nigeria's economy which is the most populous in Africa with an official population figure of 140 million and GDP of USD 72.1 billion, was the second largest in Africa. Today Nigeria is classified as a mixed emerging economy. The GDP rebased 1990 to 2010 placed Nigeria as the leading economy in Africa with GDP of USD 594.3 billion (Africa Ranking, 2015). Hitherto it still remains one of the poorest oil producing countries. With a continuously declining per capita income, comparatively unfavorable social indicators, dynamic world economy and the fact that countries are looking into alternative sources of energy it is time to begin to look into alternative sources of income for sustenance in the long run

when the demand for oil will dwindle to nothing. Even with the present rates of petroleum products, Nigeria's GDP is below ideal with the SMEs contributing therefore it would not hurt to diversify the economy even before the demand for petroleum products finally diminishes. This means it is time to begin to give more attention to the other sectors of the economy. This translates into looking at non-oil based sectors in Nigeria such as agriculture, manufacturing, commerce and tourism. In line with these contemporary issues, this study tends to examine the impact of corporate tax structure and firm characteristics on the performance of quoted manufacturing firms in Nigeria. This study will empirically test the result and recommend to appropriate authority to make decision that will improve the manufacturing firms in Nigeria.

THEORY AND REVIEW OF RELATED LITERATURE

The study of Adebisi and Gbegi (2013) which was conducted in Nigeria examined the Effect of Multiple Taxation on the Performance of Small and Medium Scale Business Enterprises using survey research design, simple percentages, ANOVA, review that multiple taxation has negative effect on SMEs' survival and the relationship between SMEs' size and its ability to pay taxes is significant. The study fails to utilized causation techniques of analysis despite the fact that it examines effect some variable over others. Hence, the results could have been different.

Sabin (2015) assessed the impact of taxation on macroeconomic growth in Nigeria using ordinary least square regression method from 2002 to 2011, found that government earnings from taxation will affect consumer spending and boost output production level. This result is supported by Ocheni (2015) who examined the Impact of Tax Policy and the Performance of Small and Medium Scale Enterprises in Nigerian Economy. Using Yaro Yamani formula, Descriptive statistics, and z-test statistics showed that there is no significant difference in the mean opinion scores of managers and accountants on the best tax policy that encourages tax compliance by SMEs in Nigeria. It was also revealed that there is no significant difference in the mean opinion scores of managers and accountants of the implications of tax policy on SMEs growth.

Rotimi and Henry (2017) examine manufacturing firms in Nigeria; corporate taxes and performance using Correlation and Regression analysis and E-view econometrics package confirmed existence of significant relationship between corporate tax and performance of manufacturing companies in Nigeria. Also, a high corporate tax rate could impair profits; thereby distorting investment decision.

Babalola (2013) study the Effect of Firm Size on Firms Profitability in Nigeria. The study employ panel data estimation techniques and the result reveal that both in terms of total assets and in terms of total sales, has a positive impact on the profitability of manufacturing companies in Nigeria.

Niresh and Velnampy (2014) conducted a study in Sri Lanka and examine Firm Size and Profitability: A Study of Listed Manufacturing Firm in Sri Lanka, using Correlation and regression method reveal that there is no indicative relationship between firm size and profitability of listed manufacturing firms. In addition, the results showed that firm size has no profound impact on profitability of the listed manufacturing firms in Sri Lanka.

John and Adebayo (2013) studied Effect of Firm Size on Profitability: Evidence from Nigerian Manufacturing Sector using Panel data from 2005

to 2012. The empirical results shows that firm size, both in terms of total assets and in terms of total sales, has a positive effect on the profitability of Nigerian manufacturing companies. Meanwhile, on the control variables, a negative relationship with inventory was obtained while others have positive relationship.

Pervan and Viši? (2012) also conducted a study in Croatia and examine influence of firm size on its business success. Using regression and correlation analysis results, revealed that firm size has a significant positive (although weak) influence on firm profitability. Additionally, results showed that assets turnover and debt ratio also statistically significantly influence firms' performance while current ratio didn't prove to be an important explanatory variable of firms' profitability.

Kouser et'al (2012) assessed Inter-Relationship between Profitability, Growth and Size (a Case of Non-Financial Companies from Pakistan). The study reveals that all the profitability has strong positive relationship with the growth of the firm; however size has less significant and negative impact on the profitability. They suggested for further research to replicate the study in order to get more cases.

Ekonomisi and Say (2014) examined the interaction between firm growth and profitability, evidence from Turkish (listed) manufacturing firms. Using panel data techniques reveal that there is a statistically significant positive relation between current profits and current growth. The impact of current profits on current growth is much stronger than the impact of current growth on current profits in the case of Turkish manufacturing firms. In addition, the results suggest that lagged profits affect current profits positively and lagged profitability is a significant determinant of current profits. Moreover, the link between current profits and lagged profits is much stronger than the link between current growth and current profits.

Yoo and Kim (2015) also conducted a study in Korea and examined the Dynamic Relationship between Growth and Profitability under Long-Term Recession. Using Descriptive statistics, Correlation Analysis and panel growth model reveal that a profitability-driven management strategy limits company growth, thus prolonging the economic downturn and also When the macroeconomic environment is relatively stable, high growth in the previous period fosters profitability in the current period. This implies that the phenomenon of dynamic increasing returns is present in the Korean construction industry, and learning through growth enhances productivity and profitability. Consequentially, a strategy oriented towards short-term profitability (popular with small- and medium-sized Korean construction companies) makes the corporate management less resilient, causing them to select "de-growth" during the long-term stagnation by decreasing their scale of operations. Accordingly, it is important for companies to maintain the balance between growth and profitability.

Stella et'al (2014) studied Firm Size and Rate of Growth of Ugandan Manufacturing Firms. They employed descriptive and regression analysis and showed that medium firms grow faster than the small and large firms. Also confirmed that medium firms significantly grow faster than the small firms and large firms with no significant difference between the growth of small and large firms. According to them, to promote growth of firms in Ugandan, there is need to formulate policies that promote growth of small firms such as tax holidays that are currently being enjoyed only by medium and large firms.

Hui et'al (2013) examines the Impact of Firm Age

and Size on the Relationship among Organizational Innovation, Learning, and Performance: A Moderation Analysis in Asian Food Manufacturing Companies. Using structural equation modeling (SEM) and moderation analysis reveal that firm age and size are two moderators which control the relationship among Organizational Learning, Organizational Innovation, and Organizational Performance.

Ilaboya and Ohiokha (2016) conducted a study in Nigeria and examine Firm Age, Size and Profitability Dynamics. At the time of their study, 202 firms were listed on the Nigerian Stock Exchange Market out of which they selected 30 firms as their sample size. Using panel data regression reveals that there is significant positive relationship between firm age, firm size and profitability.

Do?an (2013) study firm size and the firm profitability and focused on 200 companies listed on the Istanbul Stock Exchange from 2008 to 2011. The study found a negative relationship between age and profitability.

Coad et'al (2014) examined Firm Age and Growth Persistence using a sample of Spanish firms from 1998 to 2006 found that firm performance improves with the age of the firm and that older firms have a lower level of productivity and profitability.

In line with this study, Gibrat's law of proportionate effect (LPE) and Ability-To-Pay Principle theory have been highlighted. The Gibrat's law of proportionate effect LPE (1931) stipulates that the rate of growth of a firm is independent of its initial size. By implication it would mean that large firms are preferable in context of private sector development given that they create more employment then small firms. Conversely, Jovanovich (1982) states in his learning model that younger firms learn over time, which helps them improve their performance as they accumulate market knowledge. According to this model, young firms grow faster than old ones. Moreover, give that younger firms are usually smaller than older ones (businesses) for the reasons discuss earlier; Jovanovic deduces that small firms grow faster than large ones. This is a convergence process where small firms will eventually become as large as any other longer firm in the some sector as time goes by Church and Lewis (1983) on the other hand claim that as a new small firm start and develops, it moves through some growth stages, such with its own distractive characteristics. He also identified the stages of growth as; existence, survival, success, take off and resource maturity. In each stage of development as different set of factors is critical to the firm's survival and success the Churchill Lewis model gives an insight into the dynamics of SMEs growth including the distinguishing characteristics, problems and requirement of growing SMEs and explains business growth process amongst SMEs, The precise moment in time in which a startup venture becomes a new business has not yet been theoretically determined. However the ideal of business survival could be equated with a firm that has fully completed the transaction to stage - two organizations in the five stages of small business growth.

Again, Ability-To-Pay Principle theory suggests that taxation should be levied according to an individual's ability to pay. It says that public expenditure should come from "him that hath" instead of "him that hath not". The principle originated from the sixteenth century, the ability-to-pay principle was scientifically extended by the Swiss philosopher Jean Jacques Rousseau (1712-1778), the French political economist Jean-Baptiste Say (1767-1832) and the English economist John Stuart Mill (1806-1873). This is

indeed the basis of 'progressive tax,' as the tax rate increases by the increase of the taxable amount. This principle is indeed the most equitable tax system, and has been widely used in industrialized economics. The usual and most supported justification of ability to pay is on grounds of sacrifice. The payment of taxes is viewed as a deprivation to the taxpayer because he surrendered money to the government which he would have used for his own personal use. However, there is no solid approach for the measurement of the equity of sacrifice in this theory, as it can be measured in absolute, proportional or marginal terms. Thus, equal sacrifice can be measured as (i) each taxpayer surrenders the same absolute degree of utility that he/she obtains from his/her income, or (ii) each sacrifices the same proportion of utility he/she obtains from his/her income, or (iii) each gives up the same utility for the last unit of income; respectively.

METHODOLOGY AND DATA

Data for this study were generated through secondary source, extracted from the annual financial reports of quoted manufacturing firms in Nigeria on their official websites. The population of this study is on all the Quoted manufacturing firms in the Nigerian Stock Exchange Market (NSE) as at 3rd quarter of the year 2017 and the sample size was those agricultural firms that produce their raw materials for manufacturing purpose which are 5 firms. However due to the fact that one of the agricultural firm's annual report (Ellah Lakes Plc) does not capture comprehensive data, it was delisted leaving the sample size to 4 firms. The scope of the study is from 2007 to 2016 (both years inclusive). The research design adopted for the study was quasi-experimental considering the fact that historical data was used in analysis. The techniques for data analysis were pooled ordinary least square regression analysis, descriptive statistics and correlation matrix due to the fact that the study will employ balanced panel data. The tool for data analysis were stata 2013, this will enable the researcher to run the entire necessary test for better and unbiased result. The independent variables are; Corporate tax -COT, Firm Size – FS, and Firm Age- FA, while the dependent variable representing profitability is return on assets- ROA. The model for this study is anchored on the three independent variables (COT, FS, FG, and FA) and the dependent variable (ROA), and was specified thus:

$$ROAit = \beta_0 + \beta_1 COTit + \beta_2 FSit + \beta_3 FAit + ?it$$

Where: ROA = Return on Asset

$\beta 0$ = Constant

β_1-β_3 = Coefficients of independent variables

COT = Corporate Tax

FS = Firm Size

FA= Firm Age

? = error term

Result and Discussions

This section presents, analyze, interprets and discuss the result obtained from the data generated from annual financial reports of listed quoted manufacturing firms in Nigeria for the period of the study. The data was analyzed using descriptive statistics, correlation matrix and regression analysis of the dependent and explanatory variables. The descriptive statistics explains the various statistics such as minimum, maximum, mean, standard deviation of variables in this study. The correlation matrix showed us the relationship between all independent variables and the dependent variable and as well the relationship existing among independent variables themselves.

The regression analysis consisting of model summary, and coefficient in the result of the study with which presentation, analysis, conclusion and recommendations are offered.

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
prof	40	.11425	.1264077	-.11	.44
cot	40	4.5085	2.038709	0	6.97
fs	40	6.78275	.4789999	6.01	7.89
fa	40	30.5	11.99359	16	53

Source: researchers' computation 2018

Table 1 above reveals that the profitability of the manufacturing firms over the 10 years period under review ranged from a minimum of -0.11 to a maximum of 0.44 with a mean value of 0.11425 and a standard deviation value of 0.1264077 respectively. It is observed that the standard deviation value is not far away from the average value which connotes that there is no too much variation existing in the variables.

Table 2:Correlation Matrix

	prof	cot	fs	fa
prof	1.0000			
cot	0.7751	1.0000		
fs	0.3510	0.3234	1.0000	
fa	0.1225	0.1570	-0.4457	1.0000

Source: researchers' computations 2018

From the above table 2, it is observed that variables are on diagonal roll are 1.000 which means that each variable is perfectly correlated to itself. The relationship between corporate tax, firm size, firm age and profitability has values of 0.7751, 0.3510 and 0.1225 respectively. This signifies that corporate tax, firm size and firm age are positively affecting performance of manufacturing firms. The corporate tax has a strong relationship with performance. Firm size and firm age have a weak positive relationship on performance. In addition, it could be seen that the relationship existing between the independent variables themselves is a weak relationship, it could be concluded that there is no multi-collinearity existing between independent variables. This opines that independent variables were carefully and appropriately selected because there is no inter dependency between them but instead, they are perfectly independent and could be studied together under the same model.

Table3: Summary of Regression Result

```
R-sq:  within  = 0.3777                    Obs per group: min =        10
       between = 0.1001                                   avg =      10.0
       overall = 0.0963                                   max =        10

                                           F(3,33)        =      6.68
corr(u_i, Xb)  = -0.9146                   Prob > F       =    0.0012
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prof	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
cot	.0480582	.0109148	4.40	0.000	.0258519	.0702645
fs	-.1243355	.0836379	-1.49	0.147	-.294498	.045827
fa	.0165373	.008196	2.02	0.052	-.0001376	.0332123
_cons	.2365279	.3716972	0.64	0.529	-.5196957	.9927515
sigma_u	.26975842					
sigma_e	.07902777					
rho	.92095944	(fraction of variance due to u_i)				

F test that all u_i=0: F(3, 33) = 1.90 Prob > F = 0.1482

Table 3 presents the regression results of the model equation stated in the study. The f-statistics of 6.68 and the associated probability of 0.0000 shows that a significant linear relationship exists between profitability and the independent variables under study. The R square which has a value of 0.3777 signifies that the variation existing in the Return on Assets of Agricultural firms under study is affected by the three independent variables under the study at 37.77%. This suggests that the remaining 62.23% of variation in profit/performance of manufacturing firms as represented by ROA is influenced by other variables not captured in this study. Again, COT is having a coefficient value of 0.480582 with a corresponding t value of 4.40 and a significant level of 0.000. This signifies that at 1% level of significance, Corporate Tax is positively impacting on the ROA of quoted manufacturing firms in Nigeria. It implies that for every increase in COT, there will be NGN 480,582 increases in the ROA of listed agricultural firms in Nigeria. The result is not surprising as it is in line

with the priori expectation of the researcher. In addition, the result is in line with Ability-To-Pay Principle theory which anchors the relationship between corporate tax and performance of manufacturing firms. This does not deviate from reality as it is expected that the more corporate tax the more profit. The policy implication is that Government should empower small and medium agricultural firms by providing enabling environment, soft loans and other equipment needed for them to improve in their businesses which will also increase in revenue generation through the taxes that such firms will pay the government. The findings of this study is in line with the findings of Adebisi et'al (2013), Eyisi et'al (2015) and Oladele et'al (2017) and contrary to the findings of Stephen and Ocheni (2015).Base on this result, we fail to accept the null hypothesis which state that Corporate Tax has no significant impact on ROA of agricultural firms in Nigeria.

It is also observed that, firm size has a negative coefficient value of 0.1243355, a negative t value of 1.49 and a corresponding significant value of 0.147. This implies that firm size is not significantly impacting on the ROA of listed agricultural firms in Nigeria. It suggests that 1% increase in firm size will lead to corresponding decrease of 1,243,355 on the ROA of listed agricultural firms in Nigeria. The result is surprising as it does not consent with the priori expectation of the researcher. The result also does not correspond with the Gibrat's law of proportionate effect theory which underpins the relationship between firm size and performance of agricultural firms. This is far from reality as it is expected that increase in sales revenue/total assets will increase in profit. The policy implication is that the management agriculture firm should utilize its assets efficiently as excess production, poor inventory management, etc which in turn will lead to a decline in profitability of the firm. The finding of this study is in correspondence with the findings of maja and Josipa (2012), Babalola and Yisau (2013) and Akinyomi (2013). Based on this result, we fail to reject the null hypothesis which states that firm size no significant impact on the ROA of agricultural firms in Nigeria.

The results in addition reveal that, firm age has a coefficient value of 0.0165373 with a t value of 2.02 and a corresponding significant value of 0.052. This signifies that at 10% significance, Firm Age is positively impacting on the ROA of listed agricultural firms in Nigeria. It implies that 1 year increase in Firm Age will lead to increase of 165,373 on the ROA of listed agricultural firms in Nigeria. The result is surprising as it does not coincide with the priori expectation of the researcher. The result agrees with Gibrat's law of proportionate effect theory which underpins the relationship between firm age and performance of agricultural firms in Nigeria. This is not obtainable in reality as the age of a firm does not really affect profitability of the firm. The finding of this study is in agreement with the findings of Coad et'al (2007), Huang et'al (2013) and Ofuan et'al (2016) but oppose the findings of Dogan (2016). Based on this result, we fail to accept the null hypothesis which states that Firm Age has no significant impact on the ROA of agricultural firms in Nigeria.

CONCLUSION.

The paper examined the impact of corporate tax structure and firm characteristics on the performance of listed Agricultural firms in Nigeria from period of 2007- 2016.The study reveal that there is positive significant impact between corporate tax and return on assets of Agricultural firms. There is also significant impact between

firm age and return on assets of Agricultural firms. However, there is no significant impact between firm size and return on assets of Agricultural firms.

The main implications of the findings are, the Government should empower small and medium Agricultural firms by providing enabling environment, soft loans and other equipment needed for them to improve in their businesses which will also increase in revenue generation through the taxes that such firms will pay to the government. Also the management of Agricultural firm should utilize its assets efficiently as excess production, poor inventory management will lead to a decline in performance of the firm. Future researches could be conducted in this field to incorporate other variables not captured in this study. Other studies could also be carryout to introduce a moderating variable to moderate the effects of all the independent variables.

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