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WORKING CAPITAL MANAGEMENT AND FIRM VALUE: AN EMPIRICAL STUDY OF AGRICULTURAL FIRMS IN NIGERIA

Ogedegbe Osariemen, Gina Oghogho Olufemi and Igbinosa Omorose
Department of Accounting
Wellspring University, Benin city, Nigeria
Mail: ogedegbeosariemen@yahoo.com; atugina18@gmail.com; omonigbinosa1@gmail.com

Abstract
This study determines the impact of working capital control on firm price of agricultural corporations in Nigeria. Inventory holding, account receivable period, account payable period were used for independent variables, while Tobin q was used for firm value. The study employed Ex Post Facto research design. Data were generated from audited accounts of agricultural corporations in Nigeria. The hypotheses were tested with multiple regression analysis, and the study found that inventory holding has a negative significant relationship with firm value of agricultural firms in Nigeria, account receivable period has a positive significant influence on firm value of agricultural firms in Nigeria, also that account payable period has a negative significant influence on firm value of agricultural firms in Nigeria. Based on the result, the study recommended that Managers need to make sure rapid series of sale receivables from borrowers; the economic supervisor have to give you credit score phrases that ensure the price range owed are easily recovered and decrease incidence of awful and irrecoverable money owed.

Keywords: Inventory holding, Account receivable period, Account payable period and Firm value

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Introduction

Globally, corporations have persevered to offer extra attention to working capital overall performance because the prevailing worldwide economy, with its attendant challenges, can distort ordinary commercial enterprise conduct if adequate running capital (WC) is not in area (Percent, 2021; CFO, 2021; KPMG 2020).

powerful running capital management (WCM) is vital for corporations in order to face any headwinds and to gain enterprise boom, success, and survival, in addition to document better financial overall performance through making an investment excess coins in funding possibilities with high returns, which improves firms' profitability and maximize shareholders wealth (KPMG 2020; Sawarni, et al., 2020; Percent, 2021; CFO, 2021).

Working capital is a critical detail in any organizational putting that requires cogent interest, right planning and management. As resources available to organizations are scarce, it is believed that the business has pivotal role to play in the management of its working capital to achieve better profitability and corporate performance as a whole (Singhania & Mehta, 2017).Working capital is the resources (net current assets) which a firm has at hand to run its daily operations (Bhatia & Srivastava, 2016), and which also measures the liquidity position of the business (Aktas, Croci, & Petmezas, 2015). In addition, current assets represent cash and other assets which can be predicted to be converted to cash in the ordinary course of business within one year (Singhania & Mehta, 2017).

High stages of cutting-edge assets can also have a poor impact on the firm’s profitability whereas low level of modern belongings can also result to liquidity problem and inventory outs ensuing in problems in maintaining smooth operations (Khatik & Varghese, 2015). Deloitte (2023) stated that the WC performance of huge firms inside the 12 months 2022 became no longer encouraging and that managers should deliver the essential interest to liquidity management that is the hallmark of WCM because, without this, the survival of firms can be threatened.

Also, Percent (2023) operating capital reviews, in addition pressured the importance of running capital performance, greater so due to the fact their WC survey discovered that powerful WCM can optimize restructuring sports and change management. Company value is determined by using the profits energy of the company's assets. Superb consequences suggest that the higher the cost of profits strength, the more green the asset turnover and/or the better the profit profits received by the business enterprise. This will have an effect on the value of the company.

The increase within the elegance of the enterprise makes the enterprise more attractive to traders because the price of go back can be even more. This could additionally have an impact at the stock price of the company inside the Capital market, in order that the value of the business enterprise might be even higher with a growth in ROA (Yulius, Ardi & Yana, 2023).

Prior studies such as, Yulius, Ardi and Yana (2023) determined and analyze the influence of working capital on profitability and firm value in construction service companies listed on the Indonesia Stock Exchange. Anene, Edeh and Odubuasi, (2023) investigated the effect of working capital management on the financial performance of natural resource firms listed on Nigeria exchange limited from 2017 to 2022. Adebola, Oke, Obademi (2023) ascertained the effect of working capital management on the firm value of nonfinancial firms in Nigeria.
Ilham et al. (2022) studied WCM and firm value of Indonesian manufacturing firms from

2015 to 2019 revealed that WCM positively and significantly impacts firm value. Chamberlain and Aucouturier (2021) evaluated the effect of WCM on the firm performance of European-listed firms from 2004 to 2016. Ibrahim and Isiaka (2021) researched the effect of WCM on the firm value of non-financial firms in Nigeria from 2014 to 2018. Sawarni et al. (2020) studied the effect of WC efficiency on the firm performance of India nonfinancial firms using 414 firms from 2012-2018. Pratheepkanth (2020) examined the effect of WCM on firm value in 100 nonfinancial Sri Lankan listed firms from 2014 to 2018. Baños-Caballero et al. (2020) conducted a cross – country analysis of the effect of net operating WC on the firm value of thirty countries from 1995 to 2013.

The prior studies were conducted within and outside the country in different sector, such as financial and non-financial firms in Nigeria. There is a scanty research on agricultural firms in Nigeria. This study sought to fill the sectorial gap, hence, this study assess how working capital management affects firm value of agricultural firms in Nigeria. The specific objectives are to:

1. Examine how inventory holding affects firm value of agricultural firms in Nigeria.
2. Determine the extent account relievable affects firm value of agricultural firms in Nigeria
3. Evaluate the extent account payable affects firm value of agricultural firms in Nigeria.

Review of related Literature

Working capital control theory changed into propounded by Bhatia and Srivastava (2016) which gives the basis for studies on operating capital control. The theory upholds that ok operating capital is vital for liquidity and sustainability demands of any organization. Sagan (2015) endorsed that the control of bills receivable, accounts payable, stock and cash is essential for the operational functions of a firm.

Working capital control similarly argues that the exquisite venture of a cash supervisor is to provide finance while wished and to invest surplus price range in brief time period funding which might be very profitably. For this connectivity, the take a look at is anchored on this idea because it buttresses on the significance of working capital management.

Working capital contains the cutting-edge asset and cutting-edge liabilities of firms, and it's far taken into consideration the lifeblood of a firm as it affords wished liquidity for the sustenance of companies' day by day operations and servicing of brief-term duties that fall due. WC is the capital corporations require to fund their each day operations (Chauhan, 2019).

WCM is the main modern and abilities of companies to obtain enough liquidity to offset quick-term obligations and ensure the smooth strolling of the company as a going challenge (Oke & Adebola, 2022). Efficient WCM management equips corporations to be greater resilient in the course of challenging financial durations as their 4 operation will now not be halted via coins crunch or illiquidity bobbing up from bad WCM (Hossain & Zariyawati, 2022; Seth et al., 2020).

Inventory Holding (INV)

Stock management is a fundamental aspect of production management, with far- reaching implications for a company's financial performance. The overarching aim of stock management is twofold: to ensure a sufficient stock level that facilitates uninterrupted production while simultaneously minimizing the costs associated with holding inventory (Brigham and Houston, 2009).

Similarly, in the case of inventory, some studies have indicated a positive relationship

between inventory levels and a firm's profitability, asserting that maintaining a high level of inventory can have beneficial effects. A substantial inventory can help prevent lost sales, as firms are better equipped to satisfied the need of customer promptly (Enow and Brijlal, 2014; Olaoye et al., 2019).

Moreover, having ample inventory can diminish the risk of incurring costs related to production or supply chain disruptions, such as breakage costs (Baños-Caballero et al., 2014). Conversely, other studies have reported that inventory has a negative effect on firm's profitability, suggesting that high inventory levels may be detrimental to corporate performance (Arnaldi et al., 2021; Aytac et al., 2020).

This negative relationship may be attributed to the expenses related to wearing immoderate inventory, including storage costs, insurance, and the risk of obsolescence. In these cases, the holding of excessive inventory may result in higher expenses, which can erode profitability. The mixed findings in the literature pertaining to the effect of stock on profitability highlight the multifaceted nature of inventory management's impact on financial performance.

The relationship can be contingent upon a variety of factors, including industry-specific practices, economic conditions, and a company's internal inventory management systems. Average Collection Period Accounts receivables arise while a firm sales its items on credit. Depending on the price phrases, the enterprise might obtain coins in weeks or even months (Too, Kubasu, & Langat, 2016).

Michalski (2003) in his look at found that a growth within the level of money owed receivables increases each the internet working capital and the expense of maintaining and handling bills receivables, which both lead to a lower in company cost. Credit score selection concerns selection of whether or not or now not to supply credit and in that case, how an awful lot credit score to extend.

The average collection period

It is calculated through dividing the sum of the outlet and finishing balance of account receivables with two and divides this with the net income. The amount is accelerated with the number of days in a year (i.e., 365) (Lantz, 2008). The study by Duru, Ekwe, and Okpe (2015) on a sample of food and beverage manufacturing firms in Nigeria; showed that accounts receivable has a negative and non-significant relationship with profitability.

Accounts Payable Period (APP)

Accounts payable, including trade credit and accrued expenses, are noted as a source of financing for business operations. These elements collectively serve as a continuous source of financing for a firm's ongoing business operations (Bhattacharya, 2014). Prior research has unearthed compelling evidence of a significant positive relationship between AP and profitability (Gonçalves et al., 2018; Hsieh et al., 2013; Mathuva, 2015). This positive association highlights the financial advantages that companies can derive from extending the time taken to settle bills with creditors. By effectively deferring bills to providers and utilizing the liquidity generated, firms can finance investments in short-term assets and pursue growth opportunities (Jayarathne, 2014). Conversely, there are studies that have acknowledged a negative effect between APP and profitability. Deloof (2003) and Enqvist et al. (2014) have both reported findings that suggest an adverse effect between AP and profitability. This contrasting view suggests that increasing the time taken to settle obligations with creditors can potentially impede profitability. Such an outcome can be associated with the impact of any associated costs, potential damage to supplier relationships, or a reduced ability to capitalize on early payment discounts.

Firm Value

Firm value is the entire marketplace cost of a firm which comprises the full cost of inventory charge, minority hobby, choice stocks, and debt minus coins. It is the value that gives traders the proper really worth of a corporation and the purchase fee of a company within the event of a merger and acquisition (Wikipedia) (Ilham et al., 2022).

Firm price is a large fee that investors and capacity firm acquirers are inquisitive about as it allows them to assess a firm in its totality, and it aids their funding decision. Company value is the traders' acuity of corporations' achievement, which is usually mirrored in the share rate of the firms. Also, corporations with better firm fee are extra attractive to buyers and potential buyers.

Working Capital on Firm Value

Referring to the idea of qualitative working capital or internet working capital proposed through Sudana (2011) states that working capital is the alteration among present day belongings and current liabilities. If the company's working capital will increase, it could be due to a boom in present day belongings or unchanged modern assets but a decrease in current liabilities.

According to homosexual & Diehl (2012), if the employer has an inclination to boom working capital, it's going to bring about inefficiency within the agency which in turn has a bad impact on the price of the employer. In organizations that have an increasing trend of working capital, there can be a growth in modern-day property within the form of receivables or inventories that could reason inefficiency which in the long run has a terrible effect on company price. Vice versa, businesses which have working capital decrease in keeping with the qualitative idea may be caused by a lower in modern-day belongings or constant contemporary belongings but a boom in contemporary liabilities. This condition can cause proficiency in working capital control which in turn may have an effective effect on company value.

Research carried out via Moussa (2018), Amarasekara et al. (2021) stated that working capital has a big impact on company cost, in contrast to analyze conducted by means of Banos-Caballero et al. (2020), Limin (2012) stated that working capital has no sizeable impact on firm value.

Empirical studies

Yulius, Ardi and Yana (2023) determined how working capital affected profitability and firm value in construction service companies in Indonesia from 2017 to 2020. The data analysis used by the author is the Structural Equation Model (SEM). Hypothesis testing is done by multivariate analysis which is run through the Smart PLS program. Data 7 analysis through partial Least Square (PLS) was carried out for the study. The study revealed that working capital has a positive significant effect on profitability, working capital had a negative and insignificant effect on firm value, and profitability had a positive and insignificant effect on firm value.

Anene, Edeh and Odubuasi, (2023) tested the effect of working capital control at the economic overall performance of natural resource firms listed on Nigeria exchange limited from 2017 to 2022. Specifically, the study were to determine the effect of average payment periods, average collection period, inventory conversion period, cash conversion cycle and current ratio on the financial performance of firms listed on Nigeria exchange limited.

Secondary data was extracted from the accounts of the entire four firms listed in that sector,

which was analyzed using descriptive statistics, correlation and ordinary least square regression estimation. The study found that all the components of working capital management studied have statistical significant effect on the financial performance (Return on Assets) of firms listed on the natural recourses sector of Nigeria exchange limited.

Adebola, Oke, Obademi (2023) ascertained the impact of working capital control at the firm price of nonfinancial corporations in Nigeria. The study use of the company cost more than one which become measured as enterprise cost scaled with the aid of EBITDA as the indicator of company cost and extracted panel data from audited financial statements of sampled thirty-three non-financial firms listed on the Nigerian Exchange Group (NGX) Plc from 2012 to 2021.

The results of the static panel least square and the panel fixed effect model estimation techniques revealed that all the WCM components have a significant effect on the firm value of non-financial firms in Nigeria which implies that WCM is highly essential for improved firm value. Ilham et al. (2022) studied working capital management and firm value of Indonesian manufacturing firms from 2015 to 2019 revealed that working capital management positively and significantly impacts firm value.

The study used Current assets/ current liabilities as a proxy for WCM, while forty (40) firms were used as the study sample size. Chamberlain and Aucouturier (2021) evaluated the effect of WCM on the firm performance of European-listed firms from 2004 to 2016. The study revealed that CCC and inventory days positively impact firm value, while days receivables have a negative and insignificant effect on firm value.

Company value was measured via Tobin's Q. Ibrahim and Isiaka (2021) researched the impact of WCM on the firm cost of non-monetary companies in Nigeria from 2014 to 2018 using a sample length of seventy one indexed companies from the Nigerian stock exchange. The panel estimation approach result discovered that average payable length eight significantly and definitely influences firm cost.

In evaluation, inventory turnover duration and average collection length had a huge inverse effect at the company value of non-financial firms in Nigeria. Sawarni et al. (2020) studied the effect of WC performance on the firm performance of India nonfinancial firms using 414 firms from 2012-2018. The result of the panel least square estimation technique revealed that net trade cycle has a significant negative impact on firm value, with an insignificant effect between receivable days. In contrast, payable and inventory days have a statistically negative effect on firm value.

Pratheepkanth (2020) tested the connection among WCM and company value in 100 nonfinancial Sri Lankan listed corporations from 2014 to 2018, using the regression evaluation and using overall marketplace price of the firm as the indicator of firm price, the author revealed the existence of a positive association between firms' Cash conversion cycle, Account payable days, firm size, and firm value.

In contrast, accounts receivable and inventory days have a negative but significant relationship with firm value. The study revealed that firm managers should concentrate more on managing their cash conversion cycle to improve their firm value. Baños-Caballero et al. (2020) conducted a cross – country analysis of the effect of net operating WC on the firm value of thirty countries from 1995 to 2013.

The study found that value of net working capital depends on the country's investors' protection and level of economic and financial development. Also, investors in countries with

more remarkable financial and economic development and more vigorous investor law enforcement ascribe more significant value to the NWC of firms. The reverse is, however, the case in countries with a low level of financial and economic development and investor protection law enforcement.

Simon et al. (2018) examined the impact of WCM at the economic performance of non-financial corporations in Nigeria from 2002 to 2015 using 75 sample firms. The study revealed that account receivable and stock management have a significant positive effect on the firm value measured by Tobin's Q, while an insignificant relationship exists between account payable management and firm value. Dabo et al. (2018) conducted a study on the effect of WCM on the firm price of 47 listed manufacturing companies in Nigeria from 2011 – 2016. Using economic value added as a measure of firm value, the study revealed that the inventory holding period significantly and positively affects the firm value of listed manufacturing firms in Nigeria. On the other hand, CCC has an insignificant but positive effect on firm value.

Panigrahi and Sharma (2013) studied firms listed on Indian stock market to investigated the relationship between running capital and firm performance ranging from 2001 to 9 2010 accounting years. Secondary data was collected from the annual accounts of the firms, analysis was done using descriptive statistics, Pearson correlation and regression analysis, which produced the results that implies that account receivables have negative significant relationship with firm profitability.

Again, inventory conversion period has negative significant relationship with profitability and account payables periods have negative significant relationship with profitability. Organdie (2012) investigated working capital management on firm performance using Nigeria firms as sample. He found that current liabilities to total assets ratio has significant positive relationship with profitability.

Again, the study reported negative relationships between liquidity and profitability. Akinlo (2012) sampled Nigerian firms in investigating the association between working capital and firm performance. The result further displayed that reducing the Cash Conversion Cycle improves the profitability of the Nigerian firms sampled. Usama (2012) ascertained the effect of working capital on enterprise performance of firms listed on Karachi stock exchange that ranged from years 2006 to 2010, using a samples of 18 firms of the food sector on Karachi Stock Exchange with variables as average collection period, inventory turnover in days, cash conversion cycle, average payment period, debt ratio, firm size, current ratio, and financial asset to total asset. Ordinary least square regression technique and common effect model in data analysis were applied. The study found that working capital management has significant association with profitability and liquidity. The study more so found that firm size and minimum inventory influence profitability.

Methodology

This study adopted Ex-Post Facto research design. The design is suitable because the researcher is interested in establishing the causal relationship among the dependent and independent variables. The population of the study comprised of five listed agricultural firms in Nigeria. The details of the firms that constitute the population of the study are shown in appendix. The data for this study were obtained from secondary sources.

The statement of financial position and comprehensive incomes provided data used in computing the selected ratios from 2016-2023.

Model Specification

This study adopted Panigrahi & Sharma (2013) model. The functional model is presented thus;

ROA = f(CCC,ICP, ARP, APP, CR)

This equation above is written in a stochastic form as expressed below;

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon_r$……. Equ (1)

If the equation is presented in its econometric forms, we will have:

$ROA_{it} = \beta_0 + \beta_1(CCC)_{it} + \beta_2 (ICP)_{it} + \beta_3 (APP)_{it} + \beta_4 (APP)_{it} + \beta_5 (CR)_{it} + \epsilon_{rit}$ ……*Equ. 2*

Where;

ROA_i = Return on Asset of a firm at time t;

CCC = Cash Conversion Cycle

ICP = Inventory Conversion Period

ARP = Accounts Receivable Period

APP = Accounts Payment Period

CR = Current Ratio

β_0 = the intercept of equation

βi = Coefficient of the independent variables

t = Time from 1, 2…, 5 years ϵ_r = error term

The modified model was presented below:

$TOBIN\ Q_{it} = \beta_0 + \beta_1((IVH)_{it} + \beta_3 (ARP)_{it} + \beta_4 (APP)_{it} + \beta_5 (CR)_{it} + \epsilon_{rit}$ ……*ii*

Where;

$TOBIN\ Q_i$ = Tobin q of a firm at time t;

IVH = Inventory holding

ARP = Accounts Receivable Period

APP = Accounts Payment Period

β_0 = the intercept of equation

βi = Coefficient of the independent variables

t = Time from 1, 2…, 5 years

ϵ_r = error term

Description of Variables

Variables	**Description**	**Independent Variables (Measurement)**	**Source**
Inventory holding	IVH	This is the proportion of cash required to generate sales	Mauchi et al, 2011; Ndungu & Oluoch, (2016)
Account receivables	ARP	Average Accts Receivable x 365 / Net Sales	Mrefu and Gichure (2022)
Account payables	APP	Average Accts Payable x 365 / Cost of Goods Sold	Abdulsalam and Moshud (2022)
		Dependent Variable	
Market Value	Tobin Q	The market value of a company, divided by its assets' replacement cost.	Zheng-Sheng (2018)
		Control Variable	
Liquidity	LIQ	Measure using cash ratio (cash + market securities /current liabilities	Septiani and Suryana (2018)

Source: Researcher's Compilation, (2024)

Method of Data Analysis

Data were analyzed with descriptive statistics, and the hypotheses were tested with and Panel regression analysis. Since the focus of the study is to examine the effect of asset composition on financial performance, regression analysis becomes appropriate tool for it.

Descriptive statistics employed to summarily describe the mean, median, standard deviation, kurtosis and skewness of the study variables. Inferential statistics will also be utilized with the aid of E-Views 9 using:

ii. Panel regressions analysis: Regression analysis predicts the value the dependent variable based on the value of the independent variable and explains the impact or effect of changes in the values of the variables.

Decision Rule

Accept the alternative hypothesis, if the Probability value (P-value) of the test is less than 0.05 (5%). Otherwise reject.

Data Analysis and Results

Table: Descriptive Statistics

	TOBIN Q	IVH	ARP	APP	LIQ
Mean	0.052495	34064.33	106.1667	201.3333	1.632399
Median	0.021876	46656.00	101.5000	206.0000	1.684679
Maximum	0.011718	51312.00	148.0000	275.0000	3.041586
Minimum	-0.186513	4075.000	61.00000	141.0000	0.147505
Std. Dev.	0.062446	21720.15	29.18087	43.74167	1.410145
Skewness	-1.616342	-0.637465	0.003074	0.264848	-0.008097
Kurtosis	3.851350	1.486791	1.964517	2.202484	1.012466
Jarque-Bera	13.96881	4.894057	1.340328	1.145762	4.938191
Probability	0.000926	0.086550	0.511625	0.563899	0.084661
Sum	-1.574858	1021930.	3185.000	6040.000	48.97197
Sum Sq. Dev.	0.113087	1.37E+10	24694.17	55486.67	57.66675
Observations	40	40	40	40	40

Interpretation of Descriptive Statistics

Descriptive statistics in table 1 showed that the TOBIN Q of the sampled firms is 0.052; the maximum of 0.01 with a minimum of -0.19, with a standard deviation of 0.06. The mean of inventory holding (IVH) are 34064.33; standard deviation of 21720.15; a maximum value of 51312.00 with a minimum value of 4075.00. The mean value of average receivable period (ARP) was 106.17, a standard deviation of value 29.18; maximum value of 0.148.00 with a minimum value of 61.00. The mean payable period (APP) valued at 201.33; standard deviation stood at 43.74; a maximum value of 275.00 with a minimum value of 141.00. The mean of liquidity (LIQ) is at 1.63; standard deviation of 1.41; a maximum observation of 3.04 with a minimum value of 0.14. The Skewness is the measure of how far the probability distribution of a random variable deviates from the normal distribution. Table 2 delineates that the probability distribution for IVH (0.09); ARP (0.51); APP (0.56) and LIQ (0.08) are positively skewed distribution.

Test of Hypotheses

Table 2: Panel Least Square Regression analysis testing the effect between TOBIN Q, IVH, ARP, APP and LIQ

Dependent Variable: ROE
Method: Panel Least Squares
Date: 09/13/24 Time: 06:42
Sample (adjusted): 2016 2023
Periods included: 8
Cross-sections included: 5
Total panel (balanced) observations: 40

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001789	0.018687	0.095740	0.9245
IVH	-4.44E-06	3.40E-07	-13.04902	0.0000
ARP	0.000317	0.000134	2.370110	0.0258
APP	-0.000324	8.72E-05	-3.713639	0.0010
LIQ	0.078628	0.003147	24.98529	0.0000

R-squared	0.980864	Mean dependent var	-0.052495
Adjusted R-squared	0.977802	S.D. dependent var	0.062446
S.E. of regression	0.009304	Akaike info criterion	-6.365755
Sum squared resid	0.002164	Schwarz criterion	-6.132222
Log likelihood	100.4863	Hannan-Quinn criter.	-6.291046
F-statistic	320.3552	Durbin-Watson stat	3.808425
Prob(F-statistic)	0.000000		

Source: E-Views 9.0 Correlation Output, 2024

Interpretation of Regression Result

In table 2, R-squared and adjusted Squared values were (0.98) and (0.98) respectively. The table shows that all the independent variables jointly explain about 86% of the systematic changes in firm value of our sampled firms over the eight years periods (2016-2023). The adjusted R^2, which represents the coefficient of the determinations shows that 98% of the changes in the dependent variable (firm value) of quoted agricultural firms in Nigeria is jointly explained by the explanatory variables (IVH, ARP, APP and LIQ). The adjusted R^2 of 98% did not constitute a problem to the study because the F- statistics value of 320.3552 with an associated Prob.>F = 0.000 showing that the model is fit to explain the effect expressed in the study model and further suggests that the explanatory variables are properly selected, combined and used. The value of adjusted R^2 of 98% also shows that 14% of the changes in the dependent variable are explained by other factors not captured in the study model.

Using Durbin-Waston (DW) statistics which the study obtained from our regression result in table 2, it is observed that DW statistics is 3.808. The Akaike Info Criterion and Schwarz Criterion which are 6.366 and 6.132 respectively also further confirm that our model is well specified.

Hypothesis One

Ho_1: Inventory holding has not significantly influenced firm value of agricultural firms in Nigeria.

H_{I1}: Inventory holding has significantly influenced firm value of agricultural firms in Nigeria.

Table 2 shows that inventory holding of firms has a negative significant effect on TOBIN Q of listed agricultural firms in Nigeria. This can be observed from the beta coefficient (β_1) of -4.440 with p value of 0.000 which is highly statistically significant at 5% level of significance. The study therefore accepts alternative hypothesis which states that inventory holding has significant effect on firm value of agricultural firms in Nigeria.

Hypothesis Two

Ho_1: Account receivable period has not significantly affected firm value of agricultural firms in Nigeria.

H_{I1}: Account receivable period has not significant affected firm value of agricultural firms in Nigeria.

Table 2 showed that account receivable period has a positive significant effect on TOBIN Q of listed agricultural firms in Nigeria. This can be observed from the beta coefficient (β_1) of 0.000 with p value of 0.03 which is highly statistically significant at 5% level of significance. The study therefore accepts alternative hypothesis which states that account receivable period has significantly affect firm value of agricultural firms in Nigeria

Hypothesis Three

Ho_1: Account payable period has no significant effect on firm value of agricultural firms in Nigeria.

H_{I1}: Account payable period has significant effect on firm value of agricultural firms in Nigeria

Table 2 showed that account payable period has a negative significant effect on TOBIN Q of listed agricultural firms in Nigeria. This can be observed from the beta coefficient (β_1) of -0.000 with p value of 0.00 which is highly statistically significant at 5% level of significance. The study therefore accept alternative hypothesis which states that account payable period has significant effect on firm value of agricultural firms in Nigeria.

Conclusion and Recommendations

This study ascertained the effect of working capital management on firm value of agricultural firms in Nigeria. Inventory holding, account receivable period, account payable period were used for independent variables, while Tobin q was used for firm value. Data were generated from audited accounts of sampled agricultural firms in Nigeria. The hypotheses were tested with multiple regression analysis, and the study found that inventory holding has a negative significant effect on firm value of agricultural firms in Nigeria, account receivable period has a positive significant effect on firm value of agricultural firms in Nigeria, also that account payable period has a negative significant effect on firm value of agricultural firms in Nigeria.

Based on the outcomes of the study, it was recommended that:

1. Managers need to monitor inventory ranges to make certain that pointless budget is not tied up in inventories. Managers should make certain that a highest quality degree is maintained in order not to jeopardize sales or manufacturing, using advanced techniques which include just-in-Time, advanced production method [AMT], and so forth can be followed primarily based on the peculiarities of the firm to offer an introduced advantage to the firm.
2. Managers need to make sure rapid series of sale receivables from borrowers; the economic supervisor have to give you credit score phrases that ensure the price range owed are easily recovered and decrease incidence of awful and irrecoverable money owed.
3. Firm should make sure that payments for credit score purchases are such that do not jeopardize the cash function of the firm; and, on the equal time preserve accurate credit score phrases with its suppliers.

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