Impact of Dividend Policy on Shareholders' Wealth: A Study of Agriculture Industry in Nigeria

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Abstract

The existence of information asymmetry, agency problems, taxes, and transaction costs make dividend policy a controversial corporate decisions among all the three corporate finance decisions-investment, financing and dividend that managers face in corporate world. A portion of the literature has it that dividend payment affect shareholders wealth as well as availability of investible funds in the agricultural sector; which invariably determines the propensity to transform various developmental parameters (employment, foreign exchange, capital inflows) in Nigeria into economic growth and development. This study investigates the effect of dividend policy on shareholders' wealth in agricultural firms in Nigeria using ex-post facto research design to collect secondary data spanning 2009-2015. Using multiple regression of OLS, the results show that a unit change in earnings per share (EPS), dividend per share (DPS), dividend pay-out (DPO) and price-earnings (P/E) lead to 11%, 25%, 68% and 32% positive increase in shareholders wealth measured by market price per share (MPS) respectively. Further result shows that without paying dividends, MPS of agricultural firms in Nigeria will fall by 143% while 73% of the changes in MPS is explained by changes in DPS, DPO and P/E ratio. The study thus concludes that dividend policy has significant positive effect on shareholders' wealth at 5% in agricultural firms in Nigeria. The study recommends the management of these firms should put in place a good and robust dividend policy with a view to enhancing profitability and attract investments into the Nigerian agricultural sector.

Keywords: *dividend, shareholders wealth, policy, earnings, market price*
JEL CODES: M4, M41

Introduction

In financial theory, the argument of the irrelevance of corporate dividend policy in perfect capital markets has been very important but there is much controversy about dividend policy in the real world where market imperfections exist. The presence of information asymmetry, agency problems, taxes, and transaction costs all seem to make dividend policy matter. A large body of theoretical and empirical research has attempted to identify the determinants of corporate dividend policy.

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To date, however, there is no consensus about what factors affect corporate payout policy. The issue gets even more complicated in the emerging markets (Joshi, 2011; Sarwar, 2013; Ojeme, Mamidu & Ojo, 2015).

Following Walter and Gordon pioneering dividend relevance hypothesis, financial economists have advanced a number of contradicting theories in an attempt to explain why corporate dividend policy does seem to matter in practice. Some theories have developed around the proposition that dividend policy is irrelevant due to the existence of differential taxes (Modigliani and Miller, 1961; Poterba and Summers, 1984; Barclay, 1987; Adediran and Alade, 2013). Others such as Pettit (1977) and Monogbe and Ibrahim (2015) argue that clientele effects matter in dividend policy.

Another dividend policy hypothesis suggests that dividend policy is affected by other market imperfections such as information asymmetries and agency costs. The former, known as signaling theory, predicts that firms can convey information to the market by paying dividends (Bhattacharya, 1979, Miller & Rock, 1985, Jensen, 1986 and Bali, 2003). The latter, known as agency theory, argues that dividends can reduce the costs of shareholder-manager (or controlling-minority shareholder) conflict. Debate between these theoretical models remains unresolved. An important observation to emerge from this literature, however, is that once dividend policy is not irrelevant, there are many possible factors that may act as a determinant of dividend policy.

Consequently, the literature has concentrated mostly on dividend policy in developed capital markets. Both the unresolved nature of the theoretical debate and relative neglect of dividend policy in developing capital markets motivated a consideration of the potential impact dividend policy would have on shareholders wealth in Agriculture Industry in Nigeria (Manyong, Olayemi, Omonona & Idachaba, 2005).

Thus, some of the pertinent problems are: why do companies pay dividend? What actually informs the dividend policy of agriculture firms in Nigeria? What are the constraints facing dividend payments and what should be the optimum dividend? Does dividend in fact really matters to Agricultural firms' investors? Of all the theories of dividend policy, which of one them best predicts dividend policy behavior in Agricultural quoted firms in Nigeria? Can the magnitude of the factors that influence dividend policy be used in predicting market share prices of the firms under review?.

While many studies are available in the developed countries, few studies exist in developing countries particularly Nigeria on the relationship between the shareholders' wealth and dividend policy (Adesola and Okwong, 2009; Luke, 2011; Adediran and Alade, 2013; Ojeme, Mamidu and Ojo, 2015; Monogbe and Ibrahim, 2015). All the studies like their counter parts in developed nations focused on stock markets firms generally without taking their characteristics into consideration.

The unresolved question has always been: what is the optimal decision between dividend payment to shareholders and retaining the profits for reinvestment and capital appreciation (Osaze, 2007; Azhagaiah and Sabri, 2008; Luke, 2011; Adediran and Alade, 2013; Ojeme, Mamidu & Ojo, 2015).

Dividend should be distributed to the shareholders in order to maximize their wealth in line with several theories that explain the relevance of dividend policy and whether it affects firm value. However, there has not been a universal agreement (Stulz, 2000; Pandey, 2003; Ojeme, Mamidu & Ojo, 2015; Monogbe and Ibrahim, 2015).

Agriculture sector was considered as it has identified opportunities for foreign direct investment, employment generation and poverty reduction (Manyong *et al.* 2005). Although the agricultural sector has a good performance 7.46% on the NSE as at 31^{st} March 2016, the sector has not been well researched into especially with respect to dividend policy impact on shareholders wealth. This is worth researched into as it will bridge the gap in the Nigerian literature.

To that wise, this study will bridge this gap in the Nigerian literature. Thus, only the five(5) firms in the Agricultural sector listed on the NSE as at 2016 between 2009-2015 were considered based on availability of data.

Following this exposition, this study examines the impact of dividend policy on Shareholders' wealth in Nigerian Agricultural firms. Specifically, it investigates the relationship between Dividend Payout Ratio (DPR) and shareholders wealth of agricultural firms in Nigeria; and estimate the effect of Earnings Per Share (EPS) and price earnings on shareholders' wealth in Agricultural firms in Nigeria.

It was hypothesized that: H_{o1}: Dividend payout has no significant effect on Shareholders' Wealth of Agricultural firms in Nigeria. $H_{o2:}$ Earnings Per share has no significant impact on Shareholders' Wealth of Nigerian Agricultural firms; H_{o3}: Price Earnings has no significant impact on Shareholders' Wealth of Agricultural firms in Nigeria

Review of Literature

Conceptual Clarification

Dividend policy according to Brealey and Myers (2002) has been kept as the top ten puzzles in finance. The most pertinent question to be answered here is that should firm's cash distribution affect their shareholders holdings? Should corporations pay their shareholders through dividends or by repurchasing their shares, which is the least costly form of payout from tax perspective? Thus, firms must take these important decisions regularly as it forms one of the key factors in investment decision making by investors.

Generally, dividend is the return that accrues to shareholders as a result of the money invested in acquiring the stock of a given company (Eriki and Okafor 2002) and dividend policy on the other hand is concerned with division of net profit after taxes between payments to shareholders (ordinary shareholders) and retention for reinvestment on behalf of the shareholders (Kempness 1980). A difficult decision for both public and private limited companies is to determine the appropriate level of dividend to be paid to shareholders, and to decide whether or not to offer non-cash alternatives such as scrip dividends.

According to Ojeme *et al*. (2015), the main determinants of dividend policy of a firm can be classified into: Dividend payout ratio: Dividend payout ratio refers to the percentage share of the net earnings distributed to the shareholders as dividends and stability of dividends refers to the payment of a certain minimum amount of dividend regularly.

Legal stipulations do not require a dividend declaration but they specify the conditions under which dividends must be paid. Such conditions pertain to capital impairment, net profit and insolvency. Important contractual restrictions may be accepted by the company regarding payment of dividends when the company obtains external funds. Hence, in Nigeria the Companies and Allied matters Act 1990 part II (379-382) provides the basis on which dividends can be paid to include owner's considerations, tax status of the shareholder, their opportunities of investment and the dilution of ownership. Other factors according to Adediran and Alade (2013) affecting firms' dividend policy include capital market considerations and inflation while

The goal of wealth maximisation is widely accepted to be the main goal of the business as it reconciles the varied, often conflicting interest of the stakeholders (Kapoor, 2007). The interest in shareholders' value is gaining momentum as a result of several recent developments in the business environment including the threat of corporate takeovers by those seeking undervalued and under managed assets; impressive endorsements by corporate leaders who have adopted the approach; the growing recognition that traditional accounting measures such as EPS and ROI are not reliably linked to the value of the company's shares (Luke, 2011; Okafor and Mgbame, 2011; Adesola and Alade 2013). However, other factors according to Ojeme *et al*., 2015) are reporting of returns to shareholders along with other measures of performance in business/financial discussions and the growing recognition that executives' long term compensation needs to be more closely tied to returns to shareholders.

Theoretical Framework

Mageshwari (1992) pointed out that the optimal dividend policy of any firm, agriculture or otherwise, is the one that maximizes the company's stock price which leads to maximisation of shareholders' wealth and thereby ensures more rapid economic growth in the country. What then is an optimal dividend policy of a firm? To answer this unresolved question, this study explores the two key dividend theories in the corporate world

Dividend Relevance or Irrelevance Theories

There is considerable debate on how dividend policy affects firm’s value in both developed and developing countries. In 1959, Walter and Gordon opined that dividends increase shareholders’ wealth while another theory by (Miller and Scholes, 1978) believed that dividends are irrelevant i.e dividends decrease shareholder wealth. Subsequently, a lot of studies have put to test theses theories; yet, no consensus has emerged.

The proponents of the dividend relevance school called the traditionalist or bird-in-hand propositions or rightists offered the first explanation for the relevance of dividend payment. Graham and Dodd (1934) founded the school. Later support was offered by Lintner (1956), Gordon (1959), and Brittain (1964) all with the believe that payments of dividends improve the market price of the company’s share and therefore believe that dividend payment is the key determinant of share price of any firm. The Bird in Hand, Signaling and Agency theories later postulated by researchers are all derived from the relevance theory.

Irrelevant Theory on the other hand, as postulated by Modigliani and Miller (1961) proposes that in a capital market where there are no imperfections such as taxes, transaction costs, asymmetric information and agency costs, the dividend policy of a company is irrelevant for the market value of its shares. It therefore implies that financial managers cannot alter the value of their firms by changing their dividend policy. They further showed that firm’s value is enhanced by investing in productive assets and not by the way in which income is distributed to shareholders. Thus, according to their theory, dividend policy is therefore irrelevant and a rational investor does not have a preference between dividends and capital gains.

This study on the impact of dividend policy on shareholders wealth of agricultural firms in Nigeria therefore struck a balance between the relevance and irrelevance theories as it sought to investigate whether dividend policy affect the share prices of agricultural firms or not in Nigeria.

Empirical Evidences

To determine the optimal decision between distributing profits to shareholders or to retain profits for capital appreciation, the study explored the empirical studies on the relationship among these subject matters. Black (1976), Brealey and Myers (2005) and Ojeme *et al* (2015) posited that dividend policy has been analyzed for many decades, but no universally accepted explanation for companies’ observed dividend behavior has been established. In fact, it has long been a puzzle in the corporate world and while the literature is replete with related studies in other countries (Sarwar, 2013; Profilet and Bacon, 2013; Nazir *et al.,* 2012; Zuriawati, Muhammad, and & Zulkifli (2012); Khan and Khan, 2011; Joshi, 2011; Rashid and Rahman, 2006 etc.) especially developed countries, few attention were paid to it in Nigeria especially its applicability to the agricultureal sector.

A study undertaken by Monogbe and Ibrahim (2015) also diagnosed dividend policy on financial performance of twenty five selected quoted firms in Nigeria. Secondary data used were obtained from audited accounts of the firms and were subjected to regression analysis which finds a positive and significant association between the firms' performance and dividend policy of the sampled firm. The study further revealed a strong and positive significant relationship between ROCE, investment and dividend policy while EPS showed a positive impact on the firms' dividend policy.

The study of Adediran and Alade (2015) is similar to that of Monogbe and Ibrahim (2015) that finds a positive relationship between dividend policies of organizations and profitability as well as a significant positive relationship between dividend policy and Earnings per share.

Fortunately this study is apt as the agricultural sector emerged as the best performer in the year April 2015 to March 2016 according to NSE Fact Sheet (2016). Therefore, this study sought to bridge the gap in the literature and further forward a policy statement on whether dividend policies of the firms in the Agriculture sector of the economy impact of their shareholders' wealth in Nigeria.

Consequently, Ekpenyong (2005) maintain that majority of Nigerian investors are willing to take risk at reasonably high level. However, there is the need to foster a stable and predictable macroeconomic environment and the subsidization of investment advisory services in order to spur Nigerian investors from moderate attitude towards risk taking into aggressive investment behavior. Hence, Shareholders wealth is represented by the market price of the company's common stock, which, in turn, is the function of the company's investment, financing and dividend decisions. Among the most crucial decisions to be taken for efficient performance and attainment of objectives in any organization are the decisions relating to dividend and dividend decisions are recognised as centrally important because of increasingly significant role of the finances in the firm's overall growth strategy (Profilet and Bacon, 2013).

The objective of the finance manager according to Ojeme *et al.,* (2016) is to find out an optimal dividend policy that will enhance value of the firm. It is often argued that the share prices of a firm tend to be reduced whenever there is a reduction in the dividend payments. Announcements of dividend increases generate abnormal positive security returns, and announcements of dividend decreases generate abnormal negative security returns. A drop in share prices occurs because dividends have a signaling effect- which proposes that managers have private and superior information about future prospects and choose a dividend level to signal that private information. Such a calculation, on the part of the management of the firm may lead to a stable dividend payout ratio.

In addition, Mokaya *et al.* (2013) stated that companies generally prefer a stable dividend payout ratio because shareholders expect and reveal a preference for it. Shareholders may want a stable rate of dividend payment for a variety of reasons. Risk-averse shareholders would be willing to invest only in those companies which pay high current returns on shares. The class of investors, which includes pensioners and other small savers, are partly or fully dependent on dividend to meet their day-to-day needs. Similarly, educational institutions and charity firms prefer stable dividends, because they will not be able to carry on their current operations otherwise. Such investors would therefore, prefer companies that pays regular dividend every year. This clustering of stockholders in companies with dividend policies that match their preference greatly affects their market prices and the wealth of shareholders by extension.

Methodology

Research Design

In this study, the *ex-post facto* research design was used to collect panel data on the impact of dividend policy on shareholders' wealth in Nigeria Agriculture Industry. The researcher's inability to manipulate already existing variables is a basic feature of ex-post facto research design (Onwumere, 2009). Kerlinger (1970) posits that the ex-post facto research design is also called causal comparative research and is used when the researcher intends to determine cause-effect relationship between an independent and dependent variables. More so, it is an adaptation of methodology used by Sarwar (2013); Joshi (2011); Pani (2008) and Adesola and Okwong (2009).

This study considered all the five agricultural firms listed in the Nigeria Stock Exchange as at 31st May 2016 including Ellah Lakes Plc, FTN Cocoa Processors Plc, Livestock Feeds Plc, Okomu Oil Palm Plc And Presco Plc. due to data availability for analysis.

Secondary data used were collected from annual reports and financial statements for the seven years period from 2009 to 2015 for all the five (5) Agricultural firms on the Nigeria Stock Exchange (NSE). These data were analysed using Ordinary Least Square (OLS) technique of multiple regression.

Analytical Framework and Measurement of Variables

Both descriptive statistics and multiple regression analysis were used to analyse the following econometric model developed from the research variables:

$MPS = F\ (EPS\ DPS, DPR, PER)$ -------------------------------- *(i)*

$Y_{MPS} = \beta_0 + \beta_1 EPS + \beta_2 DPS + \beta_3 DPR + \beta 4PER + \varepsilon$ --------------------- *(ii)*

Where:
DPR = Dividend Payout Ratio), = Dividend Per Share/ Earnings Per Share
EPS = Earnings Per share = Profit after Tax/Number of Ordinary Shares in Issued
PER = Market Price Per Share / Earnings Per Share
MPS = Market Price per Share (representing shareholders' wealth.
ȕ$_{0}$- ȕ$_{3}$= coefficients of the variables,
ε = error term (other factors not considered in the study)

This model emanates from theoretical underpinning of the study which states that some shareholders prefer dividends while others prefer capital appreciation through earnings retention (opposite of dividends) by firms (Sarwar, 2013; Monogbe and Ibrahim, 2015).

Results and Discussion of Findings

Figure 4.1.1 shows the average EPS of the firms in Nigerian agricultural industry for the seven (7) years period 2009-2015 to be -47.9k, -8.99k, 21.11k, 380.14k and 219.57k for Ellah Lakes, FTN Cocoa, Livestock Feeds, Okomu and Presco Plc respectively. This implies that while Presco and Okomu Oil Palm reported the higher EPS in the years under review, Ellah Lakes and FTN Cocoa Processors suatained losses (negative EPS).

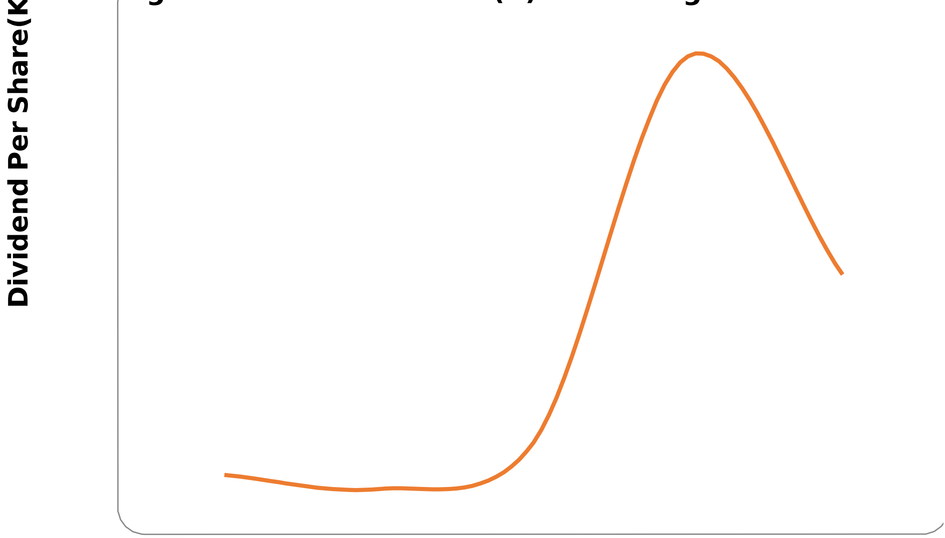
Figure 4.1.1: Average Earning Per Share(K) for the Agricultural firms

Source: Authors' Synthesis, (2017).

The average dividend per shares of the five agricultural firms for the period under review is depicted in Figure 4.1.2. Generally all the companies paid at least dividends of 5k, though not commensurate to the dividends in other industries of the economy like the conglomerates, construction and telecommunication oil sector, to name but a few that pays fantastic dividends .

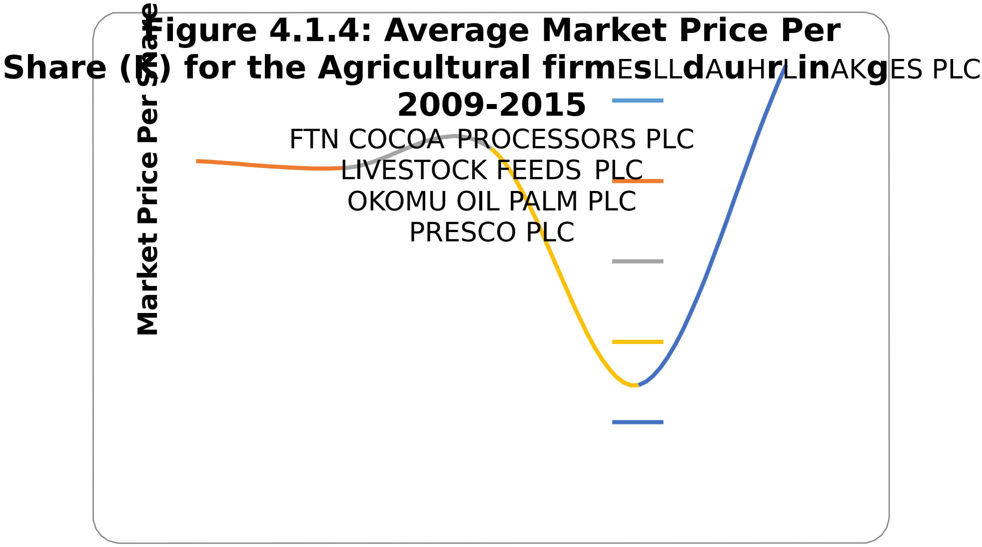
However, Okomu Oil Palm Plc. was able to pay on average 161k throughout the seven (7) years under review. This situation is as a result of it higher EPS; hence a higher profit reported leads to shareholders' expectation of a fair dividend. Despite this unprecedented growth, Ellah Lakes, FTN Cocoa Processors and Livestock Feeds in the industry are unable to pay comparable dividends and in some years no dividends at all. This trend is a clear explanation of the relationship between dividend policy and shareholders wealth i.e the higher the dividend declaration or payment, the higher the expected income by shareholders and by inference their wealth improvement.

Figure 4.1.2:Average Dividend Per Share (K) for the Agricultural firms c



Source: Authors' Synthesis, (2017).

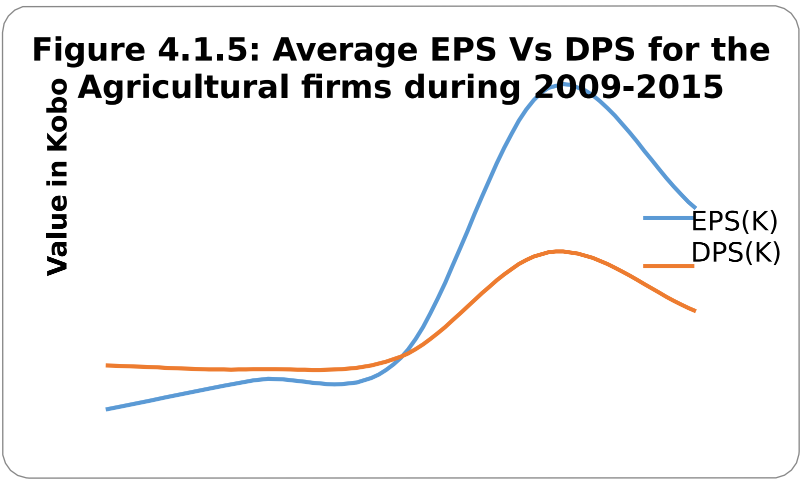
More so, shareholders wealth is also manifested in the marrket prices for the firms' shares. Thus, as shown in figure 4.1.4, on the average the MPS were 67k for Ellah Lakes, 66k for FTN Cocoa, 70k for Livestock Feeds, 24k for Okomu Oil Palm and 85k for Presco during the years under review. Thus, while Okomu shares had the lowest price, Presco was able to have a price approximately four times that of Okomu Oil Palm. From the foregoing, it could be deduce that Presco and Livestock had better Price- Earnings ratio compare to the rest of the firms in the same industry. However, with the recent growth and interest in agriculture, the sector would experience heavy capital inflows. For risk-averse investors, none the less, Livestock Feeds and Presco serve as better investment opportunities.



Source: Authors' Synthesis, (2017).

These relationships are better appreciated in figure 4.1.5 which reveals that Okomu Oil performs better than all other firms in terms of contribution to shareholders wealth (EPS and DPS).

Relationships among EPS, DPS, MPS, P/E and DPO



Test of Hypotheses

The result of the relationship between shareholders' wealth (dependent variable) and the independent variables: EPS, DPR and P/E is stated in form of the econometric model as:

MPS= -1.43+0.11EPS+0.25DPS+0.68DPR+0.31P/E-----------------------------(iii)

Table 1: Summarized Regression Results

Multiple R	0.855397	D.W statistic	2.29393
R Square	0.731703	Akaike info criterion	7.525316
Adjusted R Square	0.694697	Schwarz criterion	7.770743
Standard Error	3.392107	Log likelihood	85.30379
Mean dependent var	14.21177	Observations	63
F statistic	227.3549		

ANOVA

	Df	*SS*	*MS*	*F*	*Significance p*	
Regression	4	86597	216494	227.355	0.008529	
Residual	29	27591	9514.2			
Total	33	36250				
	Coefficie	*tandard*		*lue*	*Lower*	*Upper 95%*
Intercept	-1.43429	.859344	-0.77	0.039	-5.23708	2.36849
EPS	0.10752	.003863	0.453	0.019	-0.00615	0.00965
DPS	0.25013	.009505	0.536	0.690	0.02454	0.01435
DPR	0.684267	.078855	8.676	0.010	0.522991	0.84554
P/E	0.310812	0.026461	1.20229	0.01523	0.02231	0.08593

Source: Authors' Computation, (2017).

Table 1 shows the combined results of the OLS of multiple regression result of the relationship between market prices of shares and EPS, DPS, DPR and P/E. From the table, the autonomous MPS is negative when all other variables are held constant. Consequently, a unit change in EPS, DPS, DPR and P/E lead to 11%, 25%, 68% and 32% positive increase in shareholders wealth (MPS) respectively. Hence, without dividends declaration/payment, shareholders wealth (MPS) of agricultural firms in Nigeria will fall by 143%, which invariably shows the relevance of declaring dividends on shareholders wealth by these firms in the country.

Using the T- ratio to test for their statistical significance, the study found that the DPR is statistically significant. This is evidenced by its observed T- value (8.67582) which is positive and exceeds 2. The other variables are not statistically significant because their observed t -values (0.45298, 0.53605 and 1.20229 for EPS, DPS and P/E) respectively are less than 2. The R- squared of 0.731703 indicates that about 73% of the changes in the dependent variable is explained by the changes in the independent variables while 27% changes are caused by stochastic error or variables not captured in this model. However, the p-value of 0.008529 shows that the regressed model is statistically significant while the D.W Statistic of 1.893793 indicates the absence of auto – correlation.

More so, the F-Statistic of 227.3549 is on the high side while the p-value for all the variables (0.019046, 0.690758,0.01002 and 0.015232 for EPS, DPS, DPR and P/E respectively) are all less than 5%. Hence, the null hypotheses are rejected in favor of the alternate hypotheses. By inference therefore, there exist a significant positive relationship between dividend policies, and shareholders wealth of agricultural firms in Nigeria. This finding is in tandem with the findings of Monogbe and Ibrahim (2015), Adediran and Alade (2015), Adesola and Okwong (2009) and Manyong *et al.* (2015) that all found positive and significant relationship between dividend policies and firms' value. This result is also agrees with the relevance theory or bird-in-hand propositions as demonstrated by Gordon (1959) and Brittain (1964) among others.

Conclusion and Recommendations

This study evaluates the impact of dividend policy on shareholders' wealth of firms in Agricultural industry in Nigeria. With the recent upsurge in capital inflows in this industry, the need to examine what attract investors is of utmost importance to researchers and policy makers. Using ex-post facto method, a systematic analysis was carried out to diagnose whether the dividend policies of these firms align with the shareholders expectations and especially to answer the fundamental unresolved corporate finance question of whether or not dividend is relevant in determining the value of the firm and thus, shareholders' wealth.

Based on OLS of multiple regression, it was concluded that the dividend policies of agricultural firms in Nigeria is a strong determinable factor of their share values. Thus, dividend payment significantly matters with respect to shareholders' wealth and investment decision.

Further conclusions reached was that agricultural firms in Nigeria were at infant stage which is characterized with few quoted companies and relatively low profits and dividends payment compared to other sectors like oil, energy, banking and communications. Only two (Ellah Lakes and FTN Cocoa Processors) of the firms made an average negative EPS over the seven years period. This may be attributable partly to the inadequate investible funds available to the industry and the uncertain operating environment. All the firms paid dividends (no matter how small) to their shareholders over the periods under review. However, these dividends were far below those paid in other industries such as conglomerates, manufacturing and banks. This scenario might also partly contribute to unavailability of investible funds in the sector since prudent investors prefer investing in businesses with regular and sumptuous dividend payment system.

There was direct relationship between profitability and dividend pay-out by the firms in the agricultural industries in Nigeria. This implies that firms with higher reported profits (EPS) paid more dividends than less profitable ones. Contrary to practices in other industries of the economy where firms borrow to pay dividends, agricultural firms in Nigeria relied heavily on cash available to them.

Earnings per share, dividend pay-out and price-earnings significantly influence the market value of agricultural firms. This means that the amount of dividend payout affects the share valuation (shareholders wealth) in Nigeria.

Hence, dividend policies have a significant positive relationship and thus very vital in determining profitability and investments of agricultural firms Nigeria. Hence, dividend payment is a key determinant of share prices and owners' wealth valuation of agricultural firms in Nigeria. Based on the findings of this research and the conclusions reached, the following recommendations were put forward:

(i). Firms especially those operating in infant industries like agriculture should ensure that they have a good and robust dividend policy in place. This will enhance their profitability and attract investments to the organizations;

(ii). Records of shareholders including their next-of-kin should be updated by Directors of corporate organizations to avoid a deliberate diversion or undue retention of unclaimed dividend warrants. Due procedures for the recognition and utilization of profit arising from investment of unclaimed dividend should be effected and properly accounted for.

(iii). Firms should develop a more stringent policy that will compel directors to only invest in profitable ventures and report the utilization of retained earnings through notes to the accounts. However, dividend payment should also be compulsorily be made out of profit/income earned to prevent window dressing the financial statements (creative accounting) which usually leads to firm collapse.

(iv) government should create the enabling environment for agricultural firms in Nigeria to flourish through direct investment, policies relating to reduction in importation of agric products with a view to facilitate the growth of infant industry (agriculture inclusive). Development of private-public partnership in agric business should be encouraged to enhance the growth of the sector .

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