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# **Economic performance measurement of agricultural producers' groups in the EU: the case of the Czech Republic**

*Research paper*

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# Motivation

- Czech agricultural companies have witnessed many changes during the history
- Today, they are rather unprofitable and loss-making
- There is a need for alternative management strategies, both vertically and horizontally, in the form of agricultural producers' groups (APG)
- Then, their performance may be enhanced, however, cannot be compared to pure agricultural companies due to different property and capital structures

## Research questions

- What is the appropriate peer group for performance measuring and comparing?
- Are the public subsidy schemes provided by EU unessential?

# Assumptions

- EU regularly provides a perspective for future industry development in EU CAP
- Today, there are 3 prospective scenarios what will be beyond 2013
- **The re-focus scenario** does not include public subsidies any longer

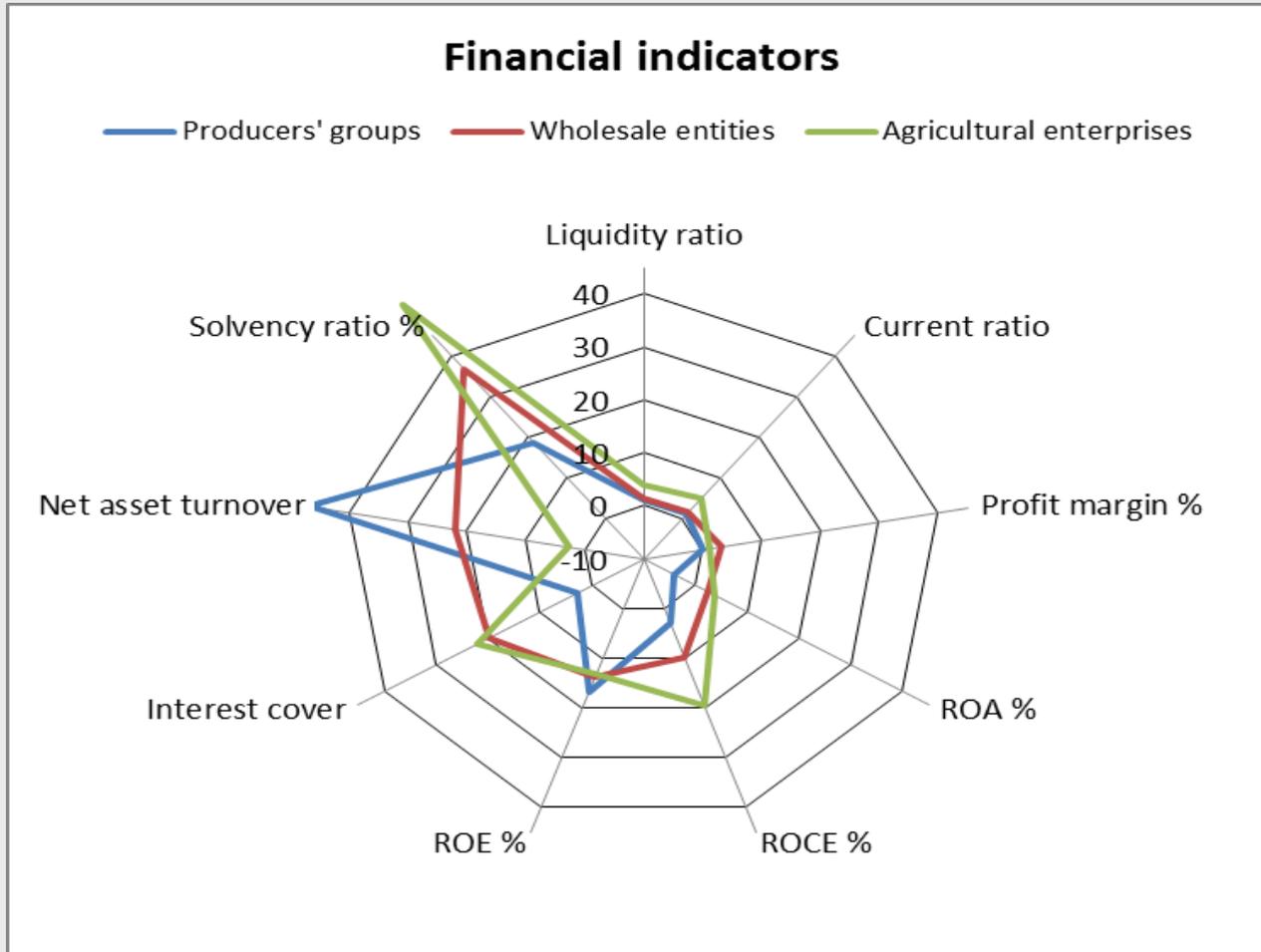
# Objective

- The verification of the economic viability of APGs taking into account public subsidies, both national and from European Union,
  - using the economic performance indicator EVA<sup>TM</sup>;
  - to prove the relevance and importance of subsidy funding in this sector

# Material and methods

- Sample: 10 APGs  
78 wholesale entities (WE)
- Data source: corporate database Amadeus
- Methods employed:
  - EVA indicator, incl. and excl. public subsidies in NOPAT
  - chi-square test of independence
  - Parametric and non-parametric ANOVA, incl. affiliated tests

# Research results I



## Research results II

	<b>APGs</b>	<b>WEs</b>
<b>Legal form</b>	Various, mainly cooperatives or limited liability companies	Mainly limited liability companies
<b>Accessibility to EU or national subsidies</b>	Both	Both
<b>Owners</b>	Members, individual agricultural producers	Various entrepreneurs, single or multiple business unit
<b>Subject of a business</b>	Buying and selling of agricultural commodities from the members	Buying and selling of agricultural commodities
<b>Common business size (turnover)</b>	3200 th EUR	800 th EUR
<b>Cooperation</b>	Based on contract agreements	Based purely on the market

## Research results III

- Chi-square independence test:
  - Economic performance with the subsidies is not related with the type of the entity (APG or WE)
  - **If the subsidy effect is excluded**, the economic performance is dependent on being agriculture producer group or wholesale entity
- ANOVA:
  - all results proved that APG and WE come from the population with the same mean of the selected indicators

# Discussion

- Statistical analysis proves that within the primary analysis of this problem area WE appears to be the suitable peer group for APG
- If the re-focus scenario comes into force, economic performance of major agricultural companies will be lower

**Thank you for your attention**

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