

AGROHOLDINGS: TRANSITORY ORGANIZATIONAL FORM OR SUPERIOR MODEL FOR AGRI-FOOD PRODUCTION? INSIGHTS FROM EAAE PRE-CONGRESS SYMPOSIUM

Large-scale farming has developed under a wide variety of governance systems, policy regimes, geographical features and agronomic conditions around the world and has become a significant force in the countries with favorable environment for large farming activities.

While the macroeconomic consequences of productivity growth in the agroholdings and mega farms are rather well known, less is known about their internal behaviors and management systems, their implications for sustainability and interactions with the environment and society in their home countries and communities. Which factors affect the performance of large farms and how this may impact their sustainability as production systems for the future? Are agroholdings just a temporary organizational form or are they a form of leap-frogging to management systems that will be sustainable and spread to other market economies in due time? How do acquisitions of new production units impact large farms' performance? How do agroholdings perceive and respond to increased societal scrutiny related to social and environmental impacts of large farming activities? These issues were discussed at the virtual EAAE pre-congress symposium "Large Scale Agriculture in Transition and Developed Economies: Organizational and Societal Issues" on July 19, 2021.

The symposium involved discussions around up-to-date results of the project "International Competence Center on Large Scale Agriculture" (LaScala) funded by Leibniz Association and implemented by Leibniz Institute of Agricultural Development in Transition Economies (IAMO) in cooperation with 14 international research partners. The event was attended by over 50 participants representing academia, business, and policy. The agenda included two sessions with research papers from Czech Republic, Germany, Kazakhstan, Romania, Russia, and Ukraine and an open discussion. The symposium was opened by Alfons Balmann, Professor, Head of Department at Leibniz Institute of Agricultural Development in Transition Economies (IAMO, Germany), and William H. Meyers, Emeritus Professor at Food and Agricultural Policy Research Institute (University of Missouri, USA). Alfons Balmann briefly presented the LaScala project and William H. Meyers drawn the audience's attention to a recently published special issue on agroholdings and mega-farms of Food and Agribusiness Management Review.

Session 1

The first session centered on the growth and performance of agroholdings and started with the presentation of Igor Ostapchuk, PhD researcher at IAMO, on the results of his research article "Pre-acquisition target selection: Comparative analysis of farms in Russia and Ukraine" co-authored by David Epshtein, Abusupjan Dibirov and Taras Gagalyuk. The speaker outlined that agroholdings' target selection considerations tend to change over time and have shifted from farm size to farm performance considerations in both Russia and Ukraine. However, Ukrainian agroholdings focus on the size and capital strength of the farms they want to acquire while Russian agroholdings tend to be concerned with farm profitability.

Another presentation by Igor Ostapchuk disclosed the results of his research paper "Factors of post-acquisition farm integration and growth in Ukraine" co-authored by Taras Gagalyuk. It was pointed out that smaller farms acquired by agroholdings tend to grow faster in post-acquisition period than larger ones, mainly due to the post-acquisition integration efforts of the new owners.

The next speaker Alisher Tleubayev, external PhD researcher at IAMO, based his presentation on his article "Does agroholding affiliation improve financial performance? Empirical evidence

from Russia” co-authored by Ihtiyor Bobojonov, Taras Gagalyuk and Thomas Glauben. Having analyzed the issues of corporate governance and firm performance in the Russian agri-food sector, he suggested that, among other things, the ownership concentration by agroholdings has a strong positive linear impact on firm performance.

In the last presentation of session 1, research associates at IAMO Lioudmila Chatalova and Taras Gagalyuk spoke about the drivers of corporate disclosure of publicly listed agroholdings in Ukraine, which they study together with Oleksandr Kalyuzhnyy and Igor Ostapchuk. The authors conducted a case study analysis of four Ukrainian internationally listed agroholdings and concluded that these large farming entities are able not only to adapt to fluctuations in the business environment but also to address proactively key institutional bottlenecks by engaging in higher transparency and nonmarket initiatives.

Session 2

The second session of the symposium dealt with institutional frameworks and societal impacts of agroholdings. The first speaker, Ladislav Jelínek, senior researcher at Institute of Agricultural Economics and Information, Prague, shared the results of two case studies on holding structures in Czech agriculture and implications of the EU “genuine farmer” policy (respective article was co-authored by Martin Hruška, Tomáš Medonos and Jarmila Curtiss). The authors assessed the implications of implementing the proposed EU methodology of “genuine farmer” implying the consideration of the complex ownership linkages and non-agricultural income shares in the area-based subsidies’ distribution. Considering the prevalence of complex farm and holding structures in Czech Republic, at least 8 % to 17 % of farmland countrywide would lose its eligibility for area-based payments under those conditions, with the corresponding economic and income consequences.

The next speaker, Lutz Laschewski, research associate at Thünen-Institute of Rural Studies, Germany, presented the results of his research paper “Complex business structures as an adaptation to organizational environments – Agriholdings in East Germany” co-authored by Andreas Tietz and Lisa Eberbach. In their study, the authors analyzed the phenomenon of “Agroholdings” as a new organizational pattern gaining in importance in East Germany using the approach of the new (sociological) institutionalism, which understands the emergence of new forms of organization as a cultural change. The speaker suggested that it is important to empirically question the dichotomy of family and industrial agriculture that dominates the debate. In addition, the diversity of the newly emerging, often hybrid forms of organization in agriculture must be viewed in a more differentiated manner.

The session continued with the presentation by Anna Hajdu, PhD researcher at IAMO, and Taras Gagalyuk of their recent article “Determinants of corporate social responsibility among farms in Russia and Kazakhstan: A multilevel approach using survey data” co-authored by Eduard Bukin and Martin Petrick. Based on a survey of 800 farms in Russia and Kazakhstan, interaction between the farms’ social role and multilevel institutional characteristics was addressed. The speakers reported notable positive effects of local labor sourcing, insecure land use conditions and farm size (in terms of land area) on farms’ corporate social responsibility (CSR) engagement in the areas studied.

In her second presentation, Anna Hajdu focused on the analysis of the possible impact of institutions on CSR activities in a transition economy and presented the results of her research paper “Imprints of an insecure institutional environment on perceptions of social responsibility in large farms in Romania” co-authored by Dragos Smedescu and Taras Gagalyuk. The results of the in-depth interviews with the managers of large farms showed that weak formal (e.g., political institutions) and informal institutions (lack of trust) in Romania

provide insecure institutional environment and hinder proactive CSR activities on behalf of the agricultural companies. The speaker noted that the interviewed companies either reported no CSR activities or low-profile CSR activities.

The concluding discussion aimed to develop and propose ways for future research on large scale agriculture and attempted to draw possible trajectories of agroholdings' development and management under changing institutional frameworks, such as lifting of moratorium on land sales in Ukraine, sharpening regulations of sustainability and transparency globally as well as growing salience of particular stakeholder groups such as aging and out-migrating rural population and skilled workers in post-Soviet countries.