

Profitability of Czech Food Enterprises in Relation to Their Size

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Abstract: *The aim of the paper is to analyse profitability of enterprises in the food and beverages industry of the Czech Republic in time period of 2003-2013 and to evaluate the possible impact of the firm size on the firm profitability. First, the development of the average ROA of individual size groups of enterprises within ten food sub-sectors is analysed graphically. Second, the correlation between company size and the level of the ROA indicator is statistically validated by using parametric ANOVA. Based on the analysis it can be concluded that the level of profitability in the Czech food and beverages industry is relatively low, and moreover, there is a tendency to decrease during the observed period. The highest values of ROA are achieved by the largest companies (expressed by the number of employees) and on the contrary, the ROA values of the smallest companies are often negative and in the whole observed period there are significantly lower than ROA values of other size groups of enterprises, which is valid in almost all sub-sectors. The analysis has shown that the level of profitability is determined by the company size. Significant differences in the size of ROA in different size groups were also statistically verified with the use of ANOVA.*

Key words: profitability · ROA · firm size · food and beverages industry

JEL Classification: L11 · L66

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