

The influence of indebtedness on the profitability of sales in agriculture in the Czech Republic

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Abstract

Debt is an integral part of the business. It is given that the high indebtedness of a company may not only be a negative signal but that its growth can positively contribute to higher profitability, which increases the company's market value. In the agricultural sector in the Czech Republic, the most discussed economic problems are short sales on the domestic market and low purchase prices of agricultural products. This study proves that in 2016-2019, the number of enterprises in the agricultural sector was, on average, 2310. The most significant decrease occurred in 2020 to 1959 enterprises. However, this situation can largely be attributed to the Covid-19 pandemic. The contribution aims to analyze agricultural enterprises, determine the average development of their indebtedness over time, and determine how this indicator affects sales profitability. The data is taken from the CRIBIS database of CRIF – Czech Credit Bureau from 2016 to 2020. Correlation analysis is used. Using this, it is established that the company's indebtedness is related to sales profitability. Correlation analysis is used further to determine whether the size of the company, determined by the number of employees and other parameters, is not associated with the profitability of sales of these companies. The correlation between the size of the company and its number in the given years has not been confirmed. This paper brings conclusions, which can be implemented in practical agricultural company driving by managers' view.

Keywords: development of profitability, total indebtedness, correlation, the legal form of business

Introduction

The business's primary goal is to achieve the greatest possible profit (Psárska, Hašková & Machová, 2019). For companies to know whether they are doing well in business, they must be able to evaluate the profitability of business assets (Rowland, Kasych & Šuleř, 2021).

This article focuses on the indebtedness and profitability of businesses in the agricultural sector. The debt ratio shows how a company uses equity and debt capital to finance assets (Horák, Dlouhý, 2021). It seems better to focus and draw only on equity when possible, but this is only sometimes true. Foreign capital is cheaper than own capital (Tian, 2016). The reason is that the interest from the loan can be counted by the company as tax-deductible costs (Čulková et al., 2018). Valašková, Klieštík & Gajdošíková (2021) also agree with this when they say that a high share of own resources makes the company stable and independent. With a low share, on the other hand, the business is unstable, market fluctuations and credit uncertainty can have serious consequences. However, foreign capital is cheaper and too high a debt ratio can threaten the existence of businesses. Gajdošíková et al. (2023) further state that the company's indebtedness is one of the monitored parameters when evaluating the overall financial performance of the company. However, growing indebtedness can mean a difficult financial situation for companies in the form of insolvency and the inability to meet emerging obligations.

Identifying factors affecting profitability is essential from the perspective of market participants. Accounting profit is one of the most important measures of a company's performance (Vochozka et al., 2020). For this purpose, all factors affecting this parameter and the company's performance are analyzed. Based on this and other aspects of its performance, a possible allocation of company resources should be decided (Khazaei, 2021). Kalinová, Mrázová (2022) also agree with this when they say that profit is one of the most frequently used indicators of a company's performance, even in terms of its historical development. However, the amount of profit or loss comparison does not give an opportunity with different competitors, both in the industry and outside it. Janek & Horák (2021) say that therefore, other indicators (rent, liquidity and indebtedness) are used to evaluate the performance of companies. In most cases, bankruptcy models are based on financial indicators that describe the current state or a particular area of economic health, such as profitability and indebtedness but do not inform about relevant developments in the past (Karas, Reznakova, 2018). Regarding profitability, the higher the given indicator, the better we do in business. According to Grünwald, Holečková (2009, p. 23), the level of financial health is influenced by the resistance of the company's finances to external and internal operational risks. Due to unstable micro and macroeconomic conditions and growing competition, companies also struggle to achieve the desired profitability (Korneta, 2019).

According to Hloušková, Prášílová (2020), the weather has a significant influence on sales and indebtedness in agriculture. It is difficult for agricultural enterprises to prepare for this external factor. Farmers can follow the weather forecast but can't do anything if their crops are planted, and it doesn't rain. To sprinkle the entire fields is unthinkable, so they can only wait for the weather to clear up. But the rain is also not salvation. Water falling on parched soil is not absorbed, which is also contributed to by farmers using heavy agricultural machinery.

Tractors or threshers suffocate the soil, and the water then drains from the area even faster. At the same time, farmers are faced with rising costs for labour, seeds, fertilizers, plant protection products, and, nowadays, a significant fuel price increase (Machová, Kučera & Kašparová, 2022). According to Li (2023), whether and how quickly farmers adapt to a changing climate is crucial and can substantially impact understanding the potential effects of climate change on agriculture. In contrast, Fabri, Moretti & Van Passel (2022) argue that farms are not expected to suffer more from extreme weather than from average climate change.

Hloušková, Prášilová (2020) further say that for these reasons, Czech farmers are dependent on European subsidies. Domestic farmers receive payments from the EU for cultivated land and various projects, such as purchasing a new tractor. Subsidies are indispensable in this regard, as they contribute to food affordability. After the Czech Republic joins the EU, higher grants can improve the financial situation of Czech agricultural enterprises. On the other hand, subsidies cause problems in the European market. Cheap meat travels from abroad to the country, which people buy because of the low price. It can be reasonable mainly because other states heavily subsidize it. From another point of view, people in the Czech Republic today have started to focus on where what they buy comes from and sometimes prefer to pay more and support a Czech product (Gavurová et al., 2020). This influence was analyzed in the monitored years 2016 to 2019 in their study by Zámková et al. (2021). It was found that in 2019 quality was the main criterion for respondents, with the price criterion complemented by the perception of organic food as healthier than conventional food.

This article aims to determine whether the indebtedness of agriculture in the Czech Republic affects sales profitability, and we will express this effect. To achieve the stated goal of the work, two research questions are defined:

- 1) Is there a relationship between the size of agricultural holdings and the development of sales profitability during the monitored years?
- 2) Which agricultural enterprises, broken down by the legal form of business in the country, had the most significant indebtedness in the monitored years?

In this article, we will examine the current state of the agricultural sector. Subsequently, it will be determined whether the size of the agricultural enterprise can influence its profitability. This is a very specific industry that depends on the size of cultivated areas.

This article will have the following structure: in the literature review, a survey of current relevant literature will be conducted. The methodology will include a description of the data and the methodological procedure as it will be applied. The achieved results will be presented in the results section. The set research questions will be answered in the discussion. The conclusion will represent a summary of all achieved results and their influence on answering the set research questions.

Literature review

Financial performance, measurement and evaluation are the most important areas of management of modern enterprises. In the highly competitive environment represented by

the market economy, companies must meet customers' increasingly demanding needs (Kruclický, Horák, 2021). If business entities want to survive in such a market, it is necessary to work with the market correctly and monitor, measure and evaluate their financial performance and stability. Correct assessment of the economic situation and monitoring trends in the development of financial health is one of the essential prerequisites for the company's future Access (Stehel, Horák & Krulicý., 2021).

It is, therefore, essential for every budding entrepreneur and company to penetrate the secrets of financial analyses. When starting a business, developing a thorough financial plan is necessary. Subsequently, it is essential to carry out a regular financial analysis (Horák, 2020). Buele, Tigi & Solano (2021) state that predicting possible corporate bankruptcies is a subject of financial analysis. Predicting the financial sustainability of a company in the short or long term takes work (Syed, Bawazir, 2021). Vanegas, Aguliar & Suescún (2021) analyzed the financial health of a business using artificial intelligence techniques that oversee the organization's financial management. A whole range of financial indicators should be monitored as part of the financial analysis. Data for these indicators are drawn from company accounting, e.g. from the profit and loss statement, cash flow and balance sheet (Vochozka et al., 2020). The results obtained from the financial analysis are essential both for the business owner and for banks, business partners, managers and others (Kislingerová, Hnilica, 2008).

Indebtedness is one of the monitored indicators within the company's financial analysis. Indebtedness is a comprehensive and hard-to-grasp concept that can be viewed from many angles. The fact is that indebtedness cannot be unified, and immediate and precise conclusions can be drawn. According to Colin (2021), profit growth usually drives deleveraging. Indebtedness is also not inherently a purely negative value. Most of the investments, paid from loans, relate to the company's development. Various indicators are used to determine the company's indebtedness, which are readily available in the financial statements and balance sheets of companies (Andrikopoulos, 2009). The ideal amount of debt depends on the performance and profitability of the company (Chen, Liu, 2017). Fenoy et al. (2021) investigated whether the presence of women in corporate governance affects the level of indebtedness in agri-food family firms. The findings show that the presence of women in corporate governance structures contributes to better management behaviour of the company and, thus, to better use of the financing strategies of the companies.

The Return on Sales (ROS) is also integral to the company's financial analysis. This indicator represents the ratio of the financial result in various forms and sales, according to Růčková (2015), most often those that make up the operating result of the economy, but it is also possible to use total sales, especially if we calculate ROS concerning net profit. Knápková et al. (2017), however, recommend substituting Earnings Before Interest and Taxes (EBIT) for profit to better compare with the industry. Rusdiyanto et al. (2021) determined and analyzed the profitability of manufacturing companies listed on the Indonesian stock exchange using a quantitative research method with multiple linear regression analysis.

Agricultural production in the Czech Republic is one of the traditional branches of the national economy. Zagata, Hrabák & Losťák (2020) say that the radical agricultural shift began in the early 1990s when socialist models ceased to apply. According to Veznik, Konečný

(2015), after the entry of the Czech Republic into the European Union, stabilization in this industry and its further development were expected. However, in the past years since the Czech Republic joined the EU, the agricultural sector's production has decreased, the number of farm animals has also reduced, and the area of arable land has decreased. The decline in arable land area is slowing down but has not entirely stopped.

In recent years, due to the Covid-19 pandemic, the economic situation of agricultural enterprises has developed unfavourably (Sridhar, 2022). There has been an increase in demand for so-called green loans, which allow growers to buy seeds, fertilizers or plant protection products from processors and pay them for them only after harvesting part of their production (Huang, Liao & Li, 2019). These loans have developed over time, and the providers often require future harvest and agricultural machinery. Indebtedness of Czech agricultural enterprises has not decreased over the past year; instead, unpaid obligations are increasing, and payments are delayed to banks and business partners (Procházka, Cejpková & Smekalová, 2019).

One of the goals of Czech agriculture is to ensure food security at the national and European levels. And at the same time, thanks to this, it contributed to the energy and food self-sufficiency of the Czech Republic. The efficiency and competitiveness of Czech agriculture are also important. In the European Union, the issue of sources of competitiveness in agriculture is widely discussed (Rumánková et al., 2022).

It is, therefore, necessary to take a closer look at the indebtedness of Czech farmers and whether this indicator affects the profitability of sales. Ratio analysis is very often used for these purposes. Currently, studies use so-called correlation analysis. The latter is one of the most popular analytical methods for determining the relationship between two variables (Liang, 2022). For example, correlation analysis was used by Hušbauer et al. (2017), who used this method to analyze the relationship between the price of wood in neighbouring states and the price of wood in the Czech Republic.

Data and Methodology

The relationship between indebtedness and profitability of sales will be analyzed, and we will find out the development of profitability and indebtedness. These values will be examined in the agricultural sector from 2016 to 2020. Therefore, The aim will be to find out whether the agriculture debts in the Czech Republic affect sales profitability, and we will express this effect.

The data for the study was obtained from the CRIBIS database of CRIF – Czech Credit Bureau. The dataset includes information from financial statements from 2016 to 2020. The monitored data for the analysis will be taken only for active and profitable enterprises that operate in agriculture. According to the CZ NACE economic activity classification, this is section "A" (Agriculture, forestry and fishing).

First, irrelevant data not needed to perform the necessary calculations will be removed from the data file. After deletion, only the following data will remain ID number and name

of the company (to identify the subject), Legal form of business, Category of employees (this indicator will be used to determine the size of the company), Year, Operating profit, Interest expense, Financial profit, Revenues, Foreign resources and Total assets.

Subsequently, all inactive enterprises and enterprises in liquidation will be removed from the data set. In the same way, businesses with missing information on the turnover number of employees and companies whose profit before taxation and interest deductions are not listed will also be removed.

The data will be further divided according to individual years, and the number of monitored enterprises will be determined for each monitored year.

After these modifications of the input data, a different number of enterprises entered the research in the merged period. The specific number of enterprises participating in the research is shown in Table No. 1.

Tab. 1: Amount of monitored enterprises in 2016-2020

Year	2016	2017	2018	2019	2020
Amount of monitored enterprises	2252	2253	2396	2342	1959

Source: Own processing based on data from the CRIBIS database.

In the next step, EBIT (Earnings Before Interest and Taxes) will be calculated for each year and company using formula No. 1 (Knápková et al., 2017):

$$EBIT = \text{operating economic result} + \text{financial economic result} + \text{cost interest} \quad (1)$$

Next, ROS will be determined using formula No. 2 (Knápková et al., 2017):

$$ROS = \frac{EBIT}{sales} \quad (2)$$

Last but not least, it will also be necessary to determine the total indebtedness for each monitored company in all observed years. Total indebtedness will be defined using formula No. 3 (Knápková et al., 2017):

$$Total\ indebtedness = \frac{debt}{total\ assets} \quad (3)$$

Subsequently, each monitored year will determine the average ROS and indebtedness separately. After finding the resulting values, a correlation analysis will be performed. Correlation analysis is the so-called dependence between two quantities and is expressed by the correlation coefficient, which we denote by *r*. The given coefficient takes on the values [-1;1]. The value of absolute linear dependence is expressed by the value (+1) and (-1). A value of 0, on the other hand, represents total linear independence. If the coefficient is -1, it is an indirect dependence, and if the coefficient is +1, then it is a direct dependence

(Synek, Kopkáně & Kubálková, 2009). Based on this method, we will find out the relationship between ROS and the indebtedness of agricultural enterprises.

After finding out the results of the main goal, the size of the enterprises will be determined according to the number of employees for each year individually, and the number of active enterprises in these years will also be determined. Based on this information, a correlation coefficient will be selected. After that, the average ROS will be chosen for individual years, and the size of the enterprises and some relationship of this indicator with the size of the enterprise will be sought. The last part will determine how many enterprises are active in various forms of business and what their average indebtedness is. The last step will be to decide which companies are the most indebted and which are the least, according to their legal form.

Results

From the data set, the number of active enterprises in agriculture was first determined for particular periods from 2016 to 2020. These enterprises were further divided according to the type of legal form of the company, where the control column coincides with the number of active enterprises.

This analysis was performed to obtain a better overview of the analyzed data set. The results are shown in Table No. 2.

Tab. 2: Amount of monitored enterprises in 2016-2020

Year	Amount of monitored enterprises	Legal form of enterprise	Amount of monitored enterprises according to legal form	Control column
2016	2252	Plc.	508	2252
		Co-op	220	
		Inc.	1508	
		Partnership	7	
		others	9	
2017	2253	Plc.	510	2253
		Co-op	196	
		Inc.	1525	
		Partnership	15	
		others	7	
2018	2396	Plc.	513	2396
		Co-op	314	
		Inc.	1551	
		Partnership	11	
		others	7	
2019	2342	Plc.	482	2342
		Co-op	339	
		Inc.	1507	
		Partnership	10	
		others	4	
2020	1959	Plc.	461	1959
		Co-op	281	
		Inc.	1205	
		Partnership	7	
		others	5	

Total				11202
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Source: Own processing based on data from the CRIBIS database.

Note: Table No. 2 contains information about the amount of companies divided according to their legal form, which were monitored. Monitored companies were split into public limited company, Co-op, limited liability companies, partnership and others.

It is clear from Table No. 2 that the most significant decrease in the number of businesses occurred in 2020. This decrease is attributed to the Covid-19 pandemic. According to the legal form of business, the most active enterprises in all monitored years were limited liability companies.

The next step determined total indebtedness and average ROS in % for the monitored years 2016-2020. The determined values for individual years are shown in Table No. 3. Correlation coefficients were subsequently determined between these indicators.

Tab. 3: Total indebtedness and ROS (in %)

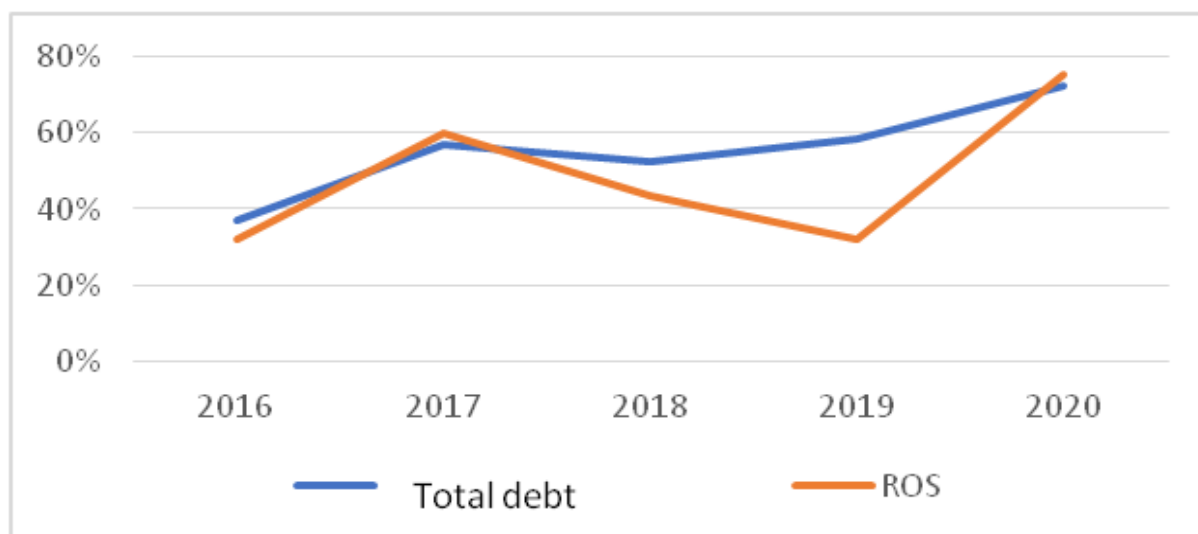
Year	Total indebtedness	ROS
2016	37 %	32 %
2017	57 %	60 %
2018	52 %	44 %
2019	58 %	32 %
2020	72 %	75 %

Source: Own processing based on data from the CRIBIS database.

Note: Table No. 3 shows Total indebtedness and return of sales to compare these results. There is very specific connections between these two parameters.

Graph 1 was created to compare trends in developing average total indebtedness and ROS of agricultural enterprises.

Graph 1: Trends in developing of average total indebtedness and ROS in 2016 – 2020



Source: Own processing based on data from the CRIBIS database.

Note: Graph No. 1 provides clearly view for comparative of both of monitored parameters.

Graph 1 shows that average total indebtedness and ROS were most correlated in 2016-2017. In 2016, total indebtedness was only 5 % greater than ROS, but in 2019 profitability was 26 % higher than indebtedness.

Based on the results contained in Table No. 3, a mutual relationship between average total indebtedness and ROS was subsequently sought. The resulting correlation of these two variables was determined to be 0.77, which is a value close to 1, indicating some relationship between these monitored variables. It is concluded that the indebtedness of the enterprise affects the ROS of the monitored agricultural enterprises.

Subsequently, the examined enterprises were divided according to the number of employees into individual size categories. The results are presented in Table No. 4. This table also shows the number of companies by size in a given year. Correlation coefficients were then determined again between these indicators.

Tab. 4: Size of companies and their number in 2016-2020

Number of employees	Number of enterprises in each year					Average
	2016	2017	2018	2019	2020	
1 - 5	836	885	888	903	695	841
6 - 9	257	247	270	248	198	244
10 - 19	338	317	364	346	299	333
20 - 24	97	112	129	346	91	155
25 - 49	325	326	346	346	313	331
50 - 99	288	254	282	274	259	271
100 - 199	97	97	100	96	90	96
200 - 249	5	4	4	4	2	4
250 - 500	7	10	12	14	11	11
501 - 3999	2	2	2	2	2	2
4000 - 4999	1	1	1	1	1	1
The correlation coefficient	-0,44	-0,43	-0,45	-0,48	-0,46	

Source: Own processing based on data from the CRIBIS database.

Note: Table No. 4 shows the number of enterprises in monitored years split by number of employees. Next, the correlation coefficient were established.

According to the determined correlation coefficients, it can be established that the size of the enterprise does not affect the number of enterprises in agriculture.

Table No. 5 reflects the profitability of sales depending on the size of the companies and in the given years. Furthermore, the average number of employees in the monitored years is considered. The correlation coefficient is determined by the year and the number of employees.

Tab. 5: The effect of company size on the profitability of sales in 2016-2020

Number of employees	Average profitability of sales in a given year in %					
	2016	2017	2018	2019	2020	Average
1 - 5	60	83	91	62	36	66
6 - 9	20	27	27	18	22	23
10 - 19	20	19	16	16	19	18
20 - 24	23	13	15	11	12	15
25 - 49	12	12	12	11	11	11
50 - 99	12	12	12	10	11	11
100 - 199	9	10	10	9	8	9
200 - 249	11	10	6	7	5	8
250 - 500	10	9	11	15	12	12
501 - 3999	31	35	24	21	19	26
4000 - 4999	32	36	20	15	14	23
The correlation coefficient	-0,47	-0,41	-0,38	-0,29	-0,48	

Source: Own processing based on data from the CRIBIS database.

Note: Table No. 5 gives the average profitability of sales in a given year in %. Values are split by number of employees for each monitored year.

From the point of view of the distribution by company size, the smallest companies have the largest ROS. Conversely, medium-sized enterprises (49 to 249 employees) have the lowest ROS. The highest correlation in the dependence of ROS on company size is in 2019 and the weakest in 2018.

Table No. 6 reflects which agricultural enterprises with the division according to legal forms of business in the country in the monitored years have the greatest indebtedness.

Tab. 6: Legal form of business and its indebtedness

Number of businesses	Legal form of business	Indebtedness
2623	Joint-stock company	33 %
1448	Co-op	43 %
9	State enterprise	55 %
18	Limited partnership	55 %
6	Spin-off of a foreign legal entity	73 %
13	European company	77 %
65	Partnership	78 %
7020	Inc.	100 %
11202		Total

Source: own processing based on data from the CRIBIS database

Note: Table No. 6 shows the level of indebtedness according to the legal form of the company. It seems that there is a very small amount of company form which are operating with large amounts of capital.

Most enterprises are represented in legal form by limited liability companies, specifically 7020. These enterprises have 100 % indebtedness. Joint-stock companies and cooperatives are the two most represented legal forms in the agricultural sector with the least indebtedness. Joint-stock companies have a debt ratio of 33 %, and the number of enterprises in this legal form is 2,633, and Cooperatives have a debt ratio of 43 %, and the number of enterprises in this legal form is 1,448.

Discussion

The article aimed to determine if the indebtedness of agriculture in the Czech Republic affects sales profitability and to express this effect.

A similar topic was dealt with, for example, by Kuster (2021), who investigated financial stability, including indebtedness, interest coverage and profitability of enterprises in agriculture, fishing and forestry. The research was conducted using accounting and financial analysis tools. He found that the companies managed to maintain an acceptable level of long-term financial stability. On the other hand, there was a more significant disruption on the side of short-term financial strength. Solid performances were recorded in interest coverage and indebtedness, where these indicators reached reference values in almost every monitored year. Poor performance was recorded in profitability, which was examined through the indicators Return of Assets and Return of Equity.

To achieve the stated goal of the work, two research questions are defined:

RQ1: Is there a relationship between the size of agricultural holdings and the development of sales profitability during the monitored years?

Based on the ROS analysis conducted, it was found that small businesses in 2016-2019 had the largest ROS. However, in 2020 compared to 2019, the value decreased by 26 %, the most considerable fluctuation in the overall data analysis. On average, the smallest companies have the highest ROS at 66 %. Companies with 200 to 249 employees have the lowest sales profitability, at an average of 8 %. The largest companies maintain average profitability of sales between 23 % and 26 %.

Based on the correlation analysis performed, when the correlation coefficient values were below 0 throughout the observed period, it can be concluded that the size of the enterprises included in the analysis has no relationship with the profitability of sales. According to Aliu, Nadirov and Nuhiu (2021), the stock markets of V4 are inefficient, so there is no good possibility to improve the earnings of listed companies including agricultural companies.

RQ2: Which agricultural enterprises, broken down by the legal form of business in the country, had the most significant indebtedness in the monitored years?

The analysis of companies in agriculture led to the following results. The most significant number of companies are represented in the legal form of business of limited liability companies, namely 7020. These companies have the most considerable indebtedness, namely 100 %. So there is a bond between most companies and enormous indebtedness. In addition, the most represented enterprises with the legal form Joint-stock companies with 2623 enterprises and indebtedness of 33 % and Cooperatives with 1448 enterprises and indebtedness of 43 %. Other legal business forms have an average of 22 enterprises, and their average indebtedness is 68 %.

Conclusion

Insufficient sales on the domestic market and low purchase prices - are precisely the problems being solved in the agricultural sector in the Czech Republic. Strict EU regulations and the import of cheap food also complicate the activity in the field. These factors affect the indebtedness of agricultural enterprises and their ROS. This work showed that in 2016-2019, the number of enterprises in the agricultural industry was, on average, 2310. The most significant decrease occurred in 2020 to 1959 enterprises. This was mainly due to the Covid-19 pandemic. In the paper, an analysis of agricultural enterprises in the Czech Republic was carried out for the monitored period 2016–2020. The effect of indebtedness on sales profitability for active companies in the given sector was monitored. This contribution aimed to find out if there is any influence between ROS indicators and indebtedness in the agricultural industry. From this point of view, the goal of the article was fulfilled.

Small businesses were found to have the largest ROS in 2016-2019. However, in 2020 compared to 2019, the value decreased by 26 %, the most significant fluctuation in the overall data analysis. On average, the smallest companies have the highest ROS at 66 %. Companies with 200 to 249 employees have the lowest sales profitability, at an average of 8 %. The largest companies maintain average profitability of sales between 23 % and 26 %. Based on the correlation analysis performed, when the correlation coefficient values were below 0 for the entire monitored period, it can be concluded that the size of the companies included in the analysis does not affect the profitability of sales. Furthermore, it was found that the most significant number of companies are represented in the legal form of business of limited liability companies, namely 7020. These companies have the most considerable indebtedness, namely 100 %. So there is a bond between most companies and enormous indebtedness. In addition, the most represented enterprises with the legal form Joint-stock companies with a number of enterprises of 2623 and indebtedness of 33 % and Cooperatives with a number of enterprises of 1448 and indebtedness of 43 %. Other legal business forms have an average number of enterprises of 22, and their average indebtedness is 68 %.

The benefit of the work can be both for companies that already operate in the given sector and those that would like to enter the agricultural industry. This is because the contribution analyzes the number of companies operating in the given industry and how the indebtedness

and profitability of sales development in the monitored years. From the obtained data, it is possible to determine, for example, the growth of the number of enterprises for individual years and the development of indebtedness for individual years. All active companies in the agricultural industry were analyzed in the article. For further analyses, the result could focus on dividing enterprises by region or establishing a business plant in the Czech Republic. This could determine whether the location and establishment of businesses affect the indebtedness and profitability of sales. This article will benefit both existing and new enterprises entering this sector, as it shows how the number of active enterprises in the agricultural industry developed in the given years and how sales' average indebtedness and profitability developed. Since, in the article, the companies were classified by size according to the number of employees and the number of active companies in this category, these data can be used to determine how big the competition is in this sector.

A limiting factor of this contribution can be considered the absence of newer data, especially after the end of the Covid-19 pandemic. In this regard, the contribution could be followed up to see if the agricultural sector has already recovered from this shock.

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