AN INTEGRATED APPROACH TO EVALUATING THE FINANCIAL PERFORMANCE OF AGRICULTURAL ENTITIES: A COMPOSITE SCORING MODEL

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Abstract

The economic performance of agricultural entities has recently been analyzed in the context of increasing pressures caused by economic instability, climate change, and sustainability requirements promoted by the European Union, international organizations, and financial institutions. Financial assessment can no longer be limited to traditional indicators, requiring an approach that combines financial soundness with resource-use efficiency.

This paper proposes an analytical model based on the construction of a composite financial performance index. The main objective is to provide a simple yet useful tool for understanding the overall performance of agricultural enterprises.

Although numerous financial indicators are commonly used to assess agricultural performance, they are typically analyzed individually, and aggregation into a unified score is rarely applied in Romania's agricultural sector.

Indicators such as return on assets, return on equity, current ratio, debt ratio, and asset turnover were included. A sub-index of economic sustainability was calculated based on profit per hectare and income per employee. All values were normalized and combined into a general score, scaled from 0 to 100.

The model was applied to a sample of five agricultural farms, using data for the year 2024. The results were graphically represented, allowing for an intuitive interpretation of the scores. The findings confirm the relevance of a synthetic evaluation method that is easy to apply and adaptable to various agricultural contexts.

Keywords: Agribusiness, Financial performance, Composite indicators, Financial scoring