

IN THE MIDST OF CHANGE  
CHALLENGES AHEAD FOR THE CANADIAN AGRI-FOOD SECTOR  
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À LA CROISÉE DES CHEMINS:  
LES DÉFIS À VENIR POUR LE SECTEUR AGROALIMENTAIRE CANADIEN

ABSTRACT 5

**Cost Efficiency and Financial Constraints in Agricultural Marketing and Processing Co-operatives in Canada**

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This research addresses the question: do financial constraints influence the economic efficiency of Canadian agricultural marketing and processing co-operatives? The study uses a stochastic frontier approach to empirically assess the relationship between financial capital constraints and cost efficiency using firm level panel data over the period 1984-2010 across Canada. The study is motivated by various reports outlining the constrained access to financial capital in the co-operative sector, including public sector studies (e.g., the House of Commons report on the *Status of Co-operatives in Canada* (2012)), industry practitioners (e.g., the International Co-operative Alliance report (2015) *Survey of Co-operative Capital*), and a wide range of academic literature. The outcome of this research will inform co-operative financing initiatives in Canada (and abroad), such as the Canadian Co-operative Investment Fund, currently being developed by Co-operatives and Mutuals Canada.