

**The Structure-Conduct-Performance  
paradigm applied to the beekeeping  
industry in the southwest of  
Buenos Aires Province**



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# Main goals

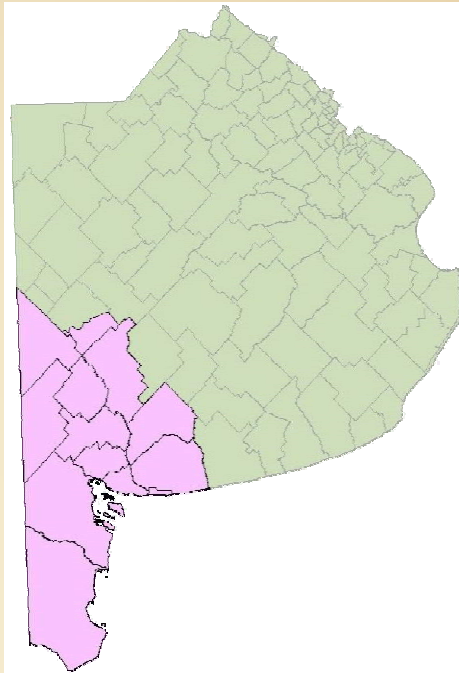
1. To know the current situation of beekeeping in the southwest of Buenos Aires Province following the Structure - Conduct - Performance paradigm approach
2. To identify the exogenous factors that influenced the industry structure in the recent years.

# Key questions

1. Structure determines conduct? Or the latter determines the first?
2. Regional structure and conduct are different from the rest of the country?
3. How much do we know about performance?

# SW of Buenos Aires Province

- a) 12 districts
- b) Population: 550,000
- c) Area: 6,5 millions of hectares
- d) 8,000 farms

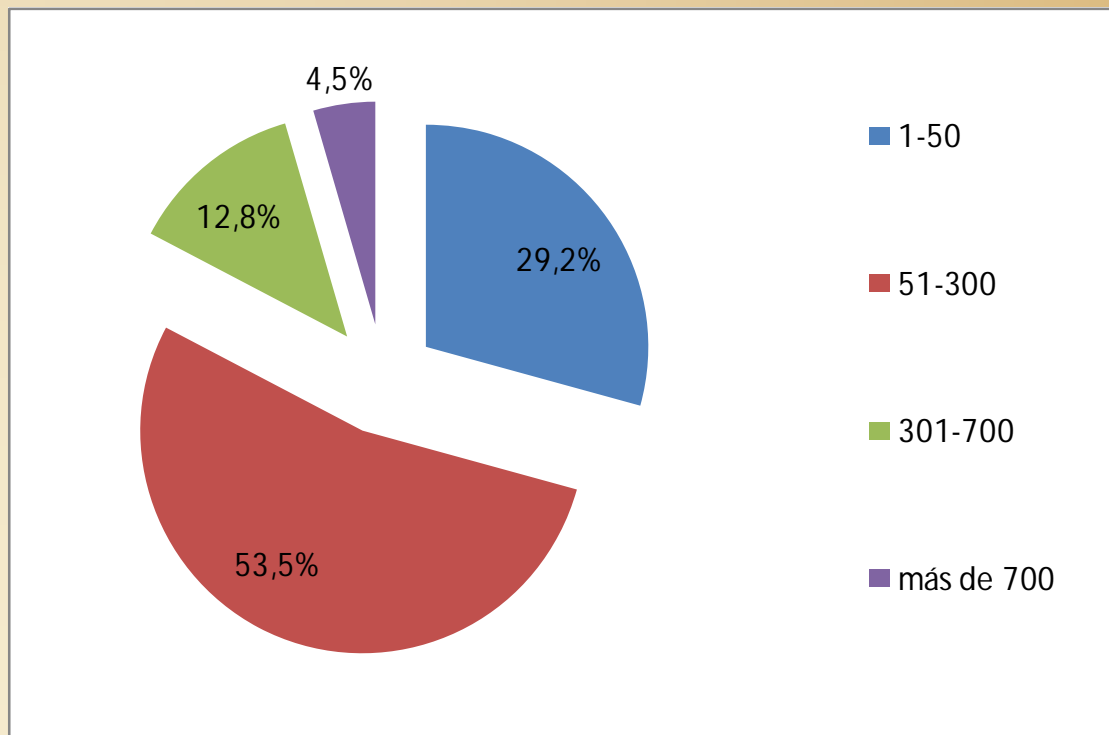


## Beekeeping data (CFI, 2003)

- a) 2,000 beekeepers.
- b) 250,000 hives.
- c) Average yield: 33 kg / hive.
- d) Registered production: 9,000 tons.

# The beekeeping firms

- a) Mainly small and medium sized
- b) Registered in RENAPA but not in AFIP
- c) Secondary activity providing additional incomes

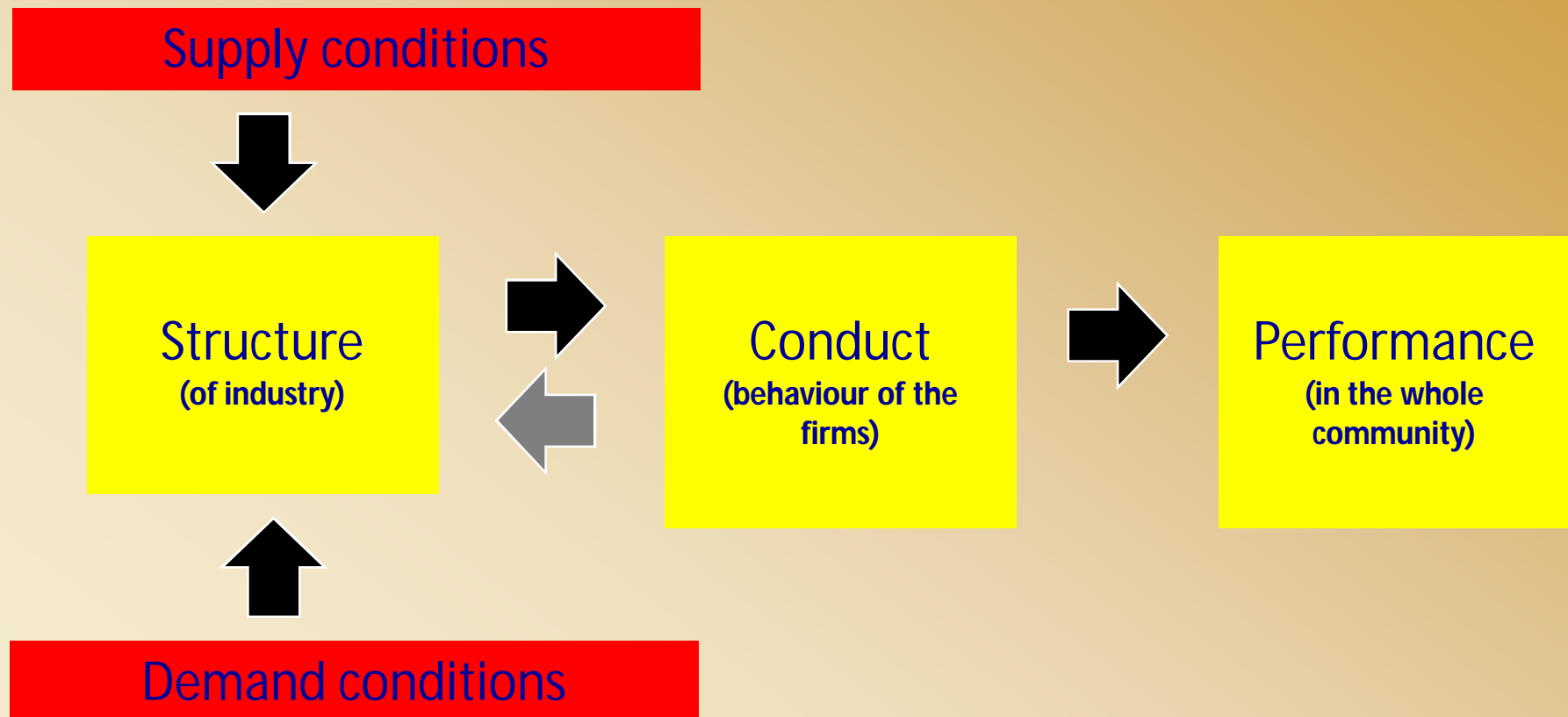


**Graph 1.** Stratification of beekeeping firms by number of hives.

**Source: CFI (2003).**

# Methodological approach

- a) S-C-P paradigm of Industrial Economy (Mason, 1939 and Bain, 1958)
- b) Industrial Economics: theoretical and empirical study of how market structure and firm behaviour affects the performance and economic welfare of society.



## **Basic supply conditions**

- a) Product with high durability.**
- b) Easy reach of raw materials and supplies.**
- c) Advanced technology in production.**
- d) Cattle area, friendly with beekeeping**

## **Basic demand conditions**

- a) Global demand grows at a moderate and sustained rate.**
- b) Consumption of healthy and natural food: established trend.**
- c) Possibility of reducing the seasonal collection.**
- d) Low domestic consumption.**

# Characterization of market structure

- a) **Atomization in production and concentration in marketing.**
  - **Few regional bussiness alternatives**
  
- b) **Homogeneous product with little differentiation.**
  - **Price tends to unify.**
  
- c) **Low barriers to market entry and exit**
  - **Main cause of the high volatility**
  
- d) **Lack of information**
  - **From government and beekeepers**

**Similar to all regions in Argentina**

# Characterization of Conduct

- a) Low degree of entrepreneurship.
  - Associated with the condition of secondary activity and farms size
- b) Price setting based mainly on negotiation.
  - The producers do not know accurately their costs
  - Greatly influenced by international business
- c) Strategy of commodity markets
  - Clearly defined in collectors and exporters
  - Not clearly defined in beekeepers
- d) Research and development leaded by institutions
  - Mainly INTA

**Contradictory behaviour: rational and non-rational at the same time**

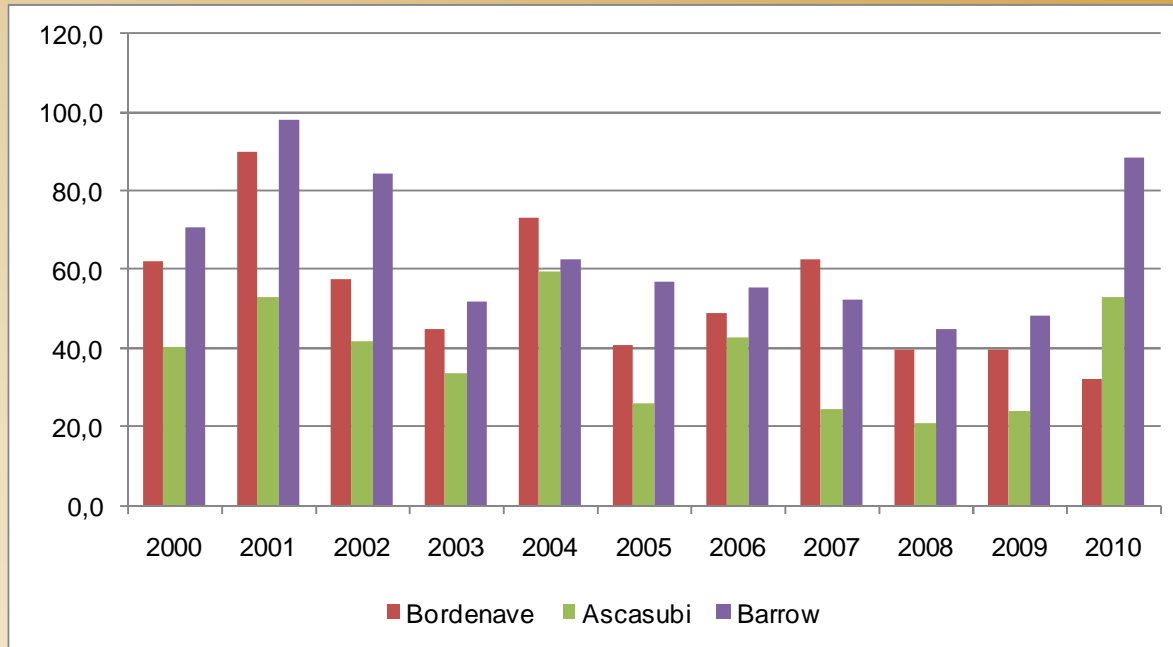


## Performance: some difficulties

- a) Hard to approach from the theoretical point of view (due to multidimensionality)
- b) Hard to approach from the empirical point of view (lack of information).
- c) Useful indicators:
  - National GDP of Beekeeping
  - Regional GDP of Beekeeping
  - Employment generation

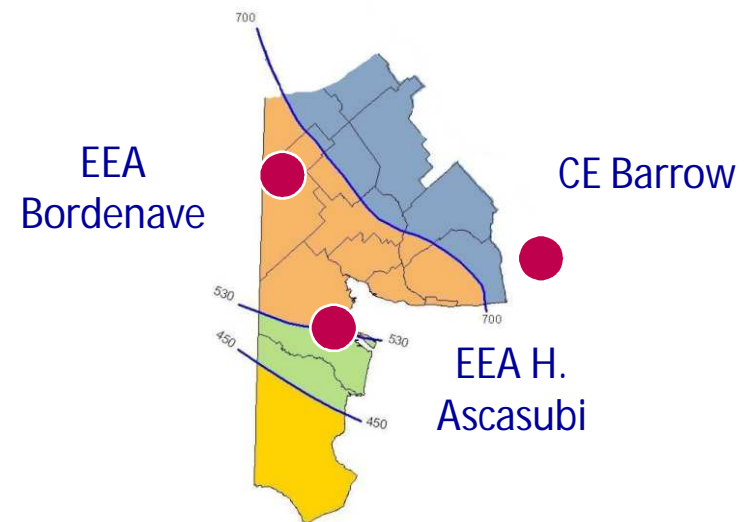
**These indicators do not exist today. This undermines individual (business) and public (political) decision making**

# Exogenous factors: rainfall

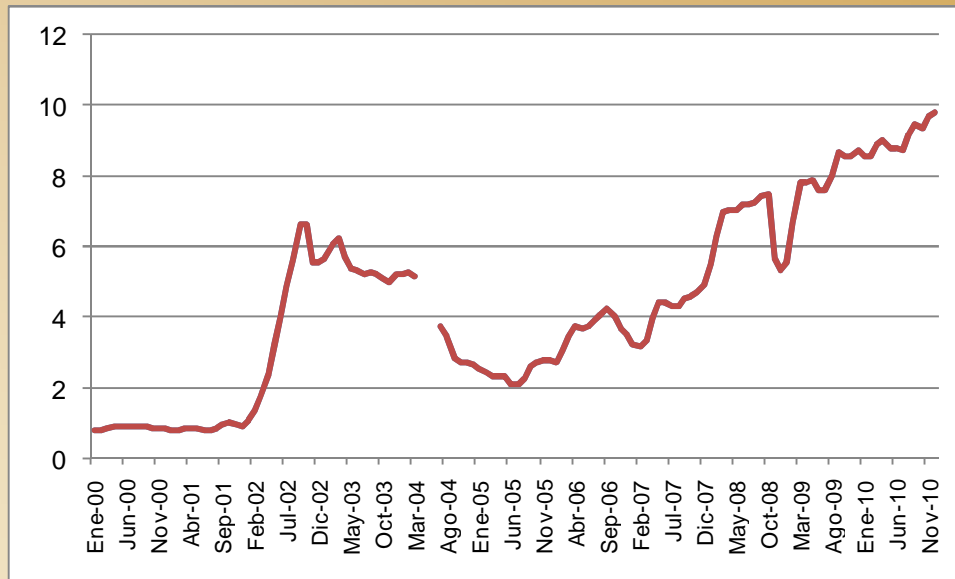


**Graph 2.** Annual rainfall (in mm) in the area.

**Source: Estaciones Experimentales de Bordenave, H. Ascasubi y Barrow (INTA).**



# Exogenous factors: prices

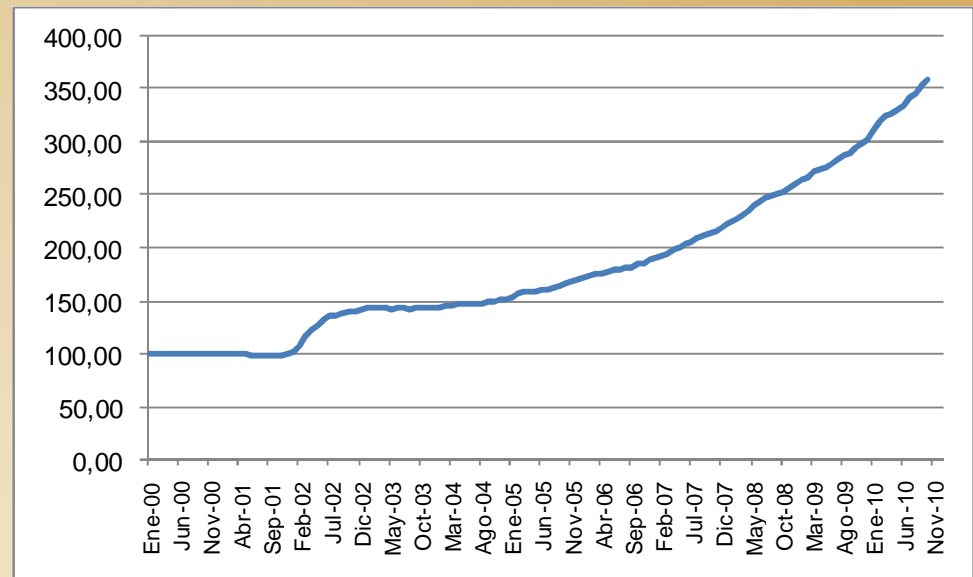


**Graph 3.** price of honey for beekeepers (in AR\$).

**Source: Bolsa de Cereales de Buenos Aires.**

**Graph 4.** Consumer Price Index for Bahía Blanca (jan 2002 = 100).

**Source: CREEBBA.**



## Final comments

- a) In general lines, structure remains without changes since the last regional characterization (CFI, 2003).
- b) There are evidences of changes in the basic supply conditions and business behaviour.
- c) Additional data, mainly the weather conditions, allow some inference on the causes of volatility in the production base.
- d) Business expectations based both on the recovery of rainfall levels and price evolution.

**Thank you for your attention**



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