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THE BULGARIAN COOPERATIVE MODEL: A SUBJECTIVE VIEW OF THE OBJECTIVE FACTS

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ABSTRACT
In the period 2005 - 2022, the registered cooperatives in Bulgaria are 9037, operating in nineteen out of twenty-one economic sectors of the national economy. Their number was the largest in 2005 - 5274, and the smallest in 2021 - 3833. Under the influence of objective and subjective factors, their number decreased by 2.4 times in 2022 compared to 2005. At the beginning of 2025, a survey was conducted on 4.6% of operating cooperatives in Bulgaria. Different types of cooperatives were randomly selected. The aim is to establish their potential under current conditions. The main conclusions of the study are: For the respondents, the cooperative is a "model for collective action of member-cooperators", in which, through joint management and mutual assistance, people are placed at the focus of the activity. Over $^{2}/_{3}$ of the respondents are chairpersons of the cooperatives. They have higher education and have good professional experience; Agricultural production cooperatives are dominant; According to the value of the assets owned, $^{2}/_{3}$ of cooperatives are micro-enterprises, and the remaining $^{1}/_{3}$ are small enterprises; The amount of income received covers the costs incurred, but the profit is relatively low.; The available potential of cooperatives does not create opportunities for investment and innovation, some of the conditions in the country are an obstacle to this.

Keywords: cooperation, model, potential, survey, result.

INTRODUCTION

Cooperatives in Bulgaria have a long history and, despite the vicissitudes of time, they have endured. The cooperative movement in the country has its roots in the late 19th century, when the economic and social transformation in Bulgaria required new forms of cooperation among small farmers and artisans. In the absence of access to credit institutions and an underdeveloped market infrastructure, the creation of consumer and production cooperatives proved vital for the survival and prosperity of Bulgarian communities. Over the years, these organizations have not only facilitated access to goods and services, but also promoted democratic governance, mutual aid and social solidarity – values that remain relevant today. Despite the challenges during the different historical stages – from the agrarian reforms and the totalitarian period to the transition to a market economy after 1989 – cooperatives have retained their role as a catalyst for local development.

Today, cooperatives continue to play a key role in Bulgaria, especially in small settlements, where they provide jobs, support the local economy and contribute to the preservation of traditions. In the period 2005 - 2022, the registered cooperatives in Bulgaria are 9037, operating in nineteen out of twenty-one economic sectors of the national economy (Economic Activities Classifier-2008). Their number was the largest in 2005 - 5274, and the smallest in 2021 - 3833. Under the influence of objective and subjective factors, their number decreased by 2.4 times in 2022 compared to 2005. In order to highlight some of them, a survey was conducted in early 2025 among 4.6% of operating cooperatives in Bulgaria.

The purpose of the research is to establish the potential for the development of cooperatives in Bulgaria under the existing conditions, through the prism of the perception of those who manage them.

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1. METHODICAL FRAMEWORK OF THE RESEARCH

To fulfill the research objective, a methodological framework, has been developed including the following components **(Figure 1),** (1-5):

- The research design is based on a quantitative survey with the possibility of qualitative additions. The period of conducting the empirical study is January-February 2025. The geographical coverage of the study is national. 23 districts of the country are included, with an emphasis on rural and small urban areas, where cooperatives are most widespread.
- The target group of the study includes predominantly the chairpersons of cooperatives, also members of management boards, chief accountants and member-cooperators of various types of cooperatives (agricultural, consumer, labor-production, credit, etc.), operating in 2024.
- The type of sample is random, stratified based on the selection of different types of cooperatives, distributed by districts. The percentage participation of each stratum is relative to the total number of cooperatives registered in the Commercial Register at the Registry Agency. The sample size consists of 395 cooperatives (respondents) or approximately 4.6% of all operating cooperatives in Bulgaria, in order to ensure statistical reliability.
- The research instrument is the prepared questionnaire, which is anonymous and includes closed and open questions. The developed questionnaire is structured according to the purpose of the study and includes three main parts. The first group of questions are demographic - age, work experience, education; organizational - type of cooperative, number of members and employees, subject of activity, key clients, etc. The second focuses on assessing the regulatory framework (Likert scale), access to financing, participation in projects, opportunities for investment and innovation, etc. The third group of questions focuses on management and the way of making management decisions. Open questions are included, to which respondents provide answers about problems that hinder the development of cooperatives; investment intentions, ideas for implementing innovations, etc.
- Initially, a pilot test was conducted with 10 respondents in December 2024 to check the clarity and relevance of the questions asked. A mixed method was used to fill out the questionnaires - mainly on paper (by sending by mail or visiting the cooperatives in person), and a more limited number of questionnaires were sent by e-mail.
- The methods for processing the collected information include descriptive statistics (relative shares, average values, etc.); comparative analysis between types of cooperatives and regions; qualitative analysis of open questions (the answers were thematically coded and processed); cause-and-effect analysis, etc.

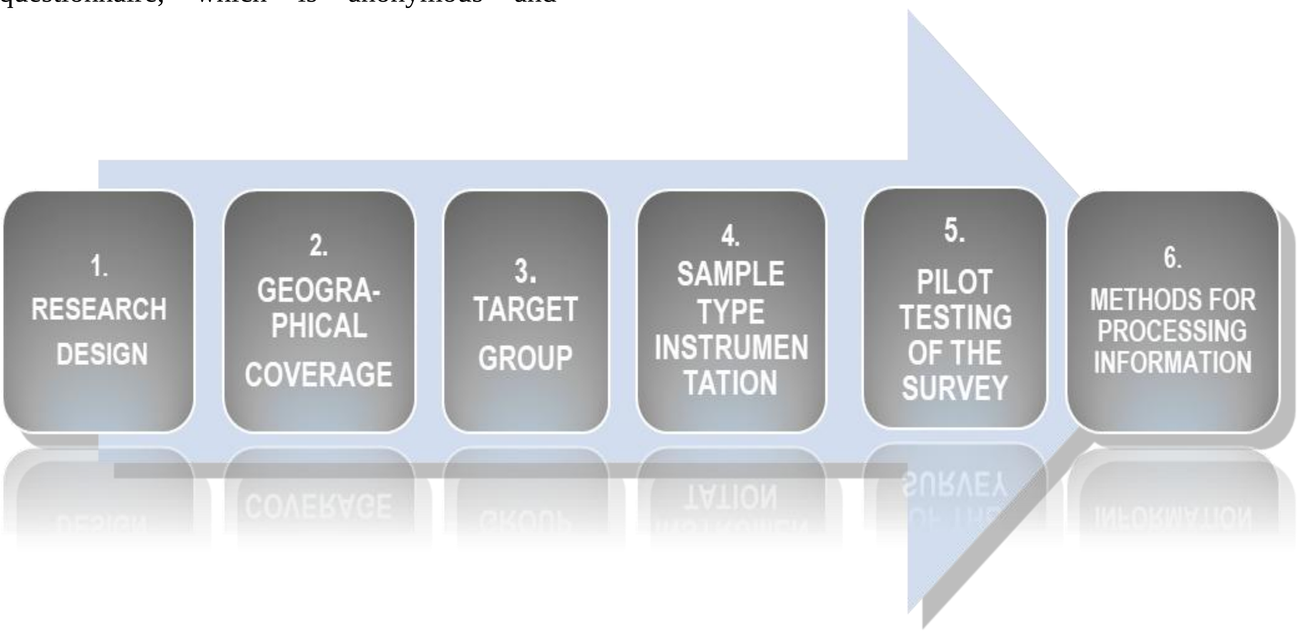

Figure 1. Components of the methodological framework.
Source: Development of other authors' research (1-5) and own research.

2. RESULTS OF THE EMPIRICAL STUDY

The analysis of the results of the study and their interpretation are focused on several main aspects:

2.1. RESPONDENTS (SUBJECTS) AND THEIR ROLE IN THE MANAGEMENT OF THE COOPERATIVE

Regarding all respondents, the largest share is 82% of the chairpersons. A natural result because the leadership role in the cooperative is assigned to the chairpersons. He is elected by the general meeting and represents the totality of the member cooperators. The relative share of chief accountants out of the total number is 6%. Financial management is less represented, but has a professional focus on the activities and management of the cooperative. The relative share of 2% each of the members of the management boards and the member-cooperatives is equal.

It is established that 54% of the respondents have higher education, which is a good basis for strategic planning and management of finances, projects and programs. 37% of all have secondary specialized education, which largely indicates that they have professional and technical qualifications necessary for operational work in cooperatives. 9% of the respondents have secondary general education. They have long-term experience on which they rely, but do not have specialized technological and management training. This may make it difficult to implement more modern management practices and technologies.

The main conclusion is that the prevailing high level of education is a prerequisite for professionalism, but in view of the rapid development of technologies, additional training and education in specific management skills, implementation of innovations is necessary.

In terms of age structure, it was found that 76% of all respondents were over 56 years old, 39% were between 56–65 years old, 37% were over 66 years old, 13% were between 36–45 years old, and 10% were between 46–55 years old. Only 1% were under 35 years old. Therefore, leadership in cooperatives is dominated by older and more experienced generations. This speaks of stability, but raises the question of continuity and attracting young people.

The length of service of the respondents in the cooperative plays an important role. It was found that 58% of all respondents had over 20 years of service in the cooperative; 16% had 11–15 years; 12% each - an equal relative share are those with 6–10 years and 16–20 years. Only 2% have up to 5 years of service in the cooperative. The results show that significant work experience is an expression of low turnover and high loyalty to the cooperative. It is also associated with a certain conservatism regarding investment decisions and innovations.

In summary, the most important conclusions are:

The long-term experience and the prevailing academic education of the cooperative management guarantee internal stability and security, but at the same time reduce flexibility and the promotion of new, more progressive ideas, i.e. stability may be at the expense of less investment and innovation;

The fact that the share of young people in management is very limited is unfavorable. This creates a risk of new perspectives and the emergence of difficulties in future continuity in the cooperative sector of Bulgaria;

The dominant role of chairpersons with long-term experience and presence in the cooperative may limit democratic processes and collective decision-making, i.e. centralize power.

In this sense, several recommendations could be given aimed at:

- ✓ Development and implementation of national and regional programs for the inclusion of young people in cooperatives;
- ✓ It is necessary to delegate some management functions from the chairmen of individual units - production, finance, marketing, etc.;
- ✓ Despite the high level of education, specialized training aimed at more modern cooperative management, which would include all age groups, is essential.

2.2. CHARACTERISTICS OF THE COOPERATIVES

The types of cooperatives (6, 8) included in the sample by relative shares are presented in **Table 1.** Of all cooperatives, 50% are agricultural. This is a result of the fact that they have a leading economic role in rural areas. The relative share of other types of cooperatives is significantly smaller: 18% - consumer; 13% - labor-productive, which have a role in the production of household goods; 10% - comprehensive, uniting different types of economic activities for the benefit of consumers; 5% - service cooperatives, which are important for providing services to small producers in the field of supplies, project activities, etc.; 3% - credit; 1% - forestry and logging cooperatives.

Table 1. *Type and relative share of sampled cooperatives*

Type of cooperative	Relative share (%)	Interpretation of the result
AGRICULTURAL	50	They have a dominant economic role and are the basis of the cooperative movement in rural areas.
CONSUMER	18	A significant part focused on members' access to goods and services.
LABOR-PRODUCTIVE	13	Moderately represented; key for production, processing and services.
ALL-ROUND	10	Multi-sectoral structures that unite different activities.
SERVICE	5	Small share, but important for supporting services to small producers in the field of marketing, digitalization, project activity, etc.
CREDIT	3	Financial activity, which is necessary but not sufficiently developed in the country.
FORESTRY AND LOGGING	1	Regionally positioned mainly in the mountainous regions of the country.

Source: Own research, 2025.

The interpretation of the results of the study requires some basic conclusions: Cooperatives are the most widespread in agriculture. The explanation for this fact is the traditions in the sector. The share of consumer cooperatives is in second place in the country, due to the need for access to cheaper goods and services for the population, especially in smaller settlements. Credit and service cooperatives are less widespread in the country, despite the fact that they have an important role in the development of agriculture.

The grouping of cooperatives according to the number of cooperative members is presented in **Table 2.** In 42% of the cooperatives surveyed, the membership is from 201 to 300 or more people, which is a significant number, suggesting the successful implementation of larger-scale activity. Cooperatives with under 50 cooperative members are 14% of all. They have a smaller scale of activity. Only 8% are “micro” cooperatives with under 10 cooperative members. The small membership implies more limited activity, and some are newly registered.

Table 2. *Grouping of cooperatives according to the number of their member-cooperators*

Number of members	Relative share (%)	Interpretation of the result
> 300	27	Cooperatives with a large membership, implying significant activity
201 – 300	15	Medium-sized cooperative structures
		Transitional type of cooperatives - between medium and large
101 – 150	10	Transitional threshold to larger organizations
51 – 100	11	Moderate size, flexible, but with more limited resources
11 – 50	14	Small cooperatives
< 10	8	Micro-cooperatives, often newly created or niche

Source: Own research, 2025

2.3. Potential of the cooperatives

To reveal the development potential of the cooperatives, the following values have been analyzed:

2.3.1. Tangible fixed assets owned

The study found that 27.5% of cooperatives in 2024 own fixed assets (FIXED) in the range of 11 thousand to 200 thousand BGN, and 27.4% - from 1.1 million to 5 million BGN. The relative share is smaller - 14.5% of those who own FIXED in the range of 501 thousand to 1 million BGN, and 9.7% respectively from 201 thousand to 500 thousand BGN. 6.5% of all cooperatives have assets over 10 million BGN. The relative share is the same - 6.5% of those with a value of available assets below 10 thousand BGN. The smallest share is 1.6% of cooperatives owning fixed assets from 5 million BGN to 10 million BGN.

The results obtained are grounds to claim that there is a bipolar division between cooperatives in the country. On the one hand, there is a group that has very little fixed assets (≤ 10 thousand leva), and another (≈ 27%) operates with over one million leva of fixed assets. The share of cooperatives in the range of over 5 million leva is small. Therefore, smaller cooperatives in Bulgaria are the larger group compared to the larger ones.

2.3.2. Annual income from the activity

It was found that 30.5% of cooperatives realize revenues between 51 thousand and 500 thousand BGN in 2024, and 27.1% - over 1.1 million BGN. The relative share is smaller - 23.7%, which realize revenues of 5 thousand and 50 thousand BGN, and 18.6%, respectively, from 501 thousand to 1 million BGN. Therefore, in terms of annual revenues for 2024, most of the cooperatives studied are typical microenterprises. The share of those that realize more revenues that are significant is small.

2.3.3. Annual costs of the activity

Annual expenses almost match income results. Slightly over a quarter of the cooperatives (25.9%) have annual expenses exceeding one million leva, and about 24% fall in the range of 101 thousand–500 thousand leva. The amount of expenses and income is relatively balanced. The income received allows covering the expenses incurred, but the profit realized is not large.

In summary, it can be argued that there is a “bipolar” cooperative sector in Bulgaria – many smaller cooperatives and not many larger ones. Medium-sized cooperatives also operate, but they are not dominant. Managers try to maintain a balance between income and expenses, which is an expression of good management of the assets owned. However, the available economic potential of cooperatives does not yet create sufficient opportunities for investment, innovation and sustainable growth of cooperatives.

2.3.4. The investment activity of cooperatives.

The largest share of investments in cooperatives over the past five years has been made in the acquisition of new machinery and equipment – 43.5%. There is a desire to renew the material and technological base in order to increase productivity. In second place is investment in the acquisition of land – 29%, which can be explained by the desire to expand production and occupy a larger market share. The reconstruction of existing buildings (27.4%) and the construction of new production buildings (25.8%) are also investment decisions aimed at improving the production infrastructure. The purchase of transport equipment is carried out by 17.7% of the surveyed cooperatives. A very small relative share – 1.6%, has made investments in computers and software products, which is a signal of a significant lag in digitalization. The relative share of unrealized investments by cooperatives is 17.7%, which is disturbing and a signal of financial difficulties.

The main conclusions regarding the investment activity of cooperatives are that they are focused on building physical infrastructure and acquiring equipment, which is a good basis for growth, but investments in computers and software products are lagging behind. It is unfavorable that some cooperatives have not had investments in recent years.

DISCUSSION

The results of the study are related to the subjective assessment of the respondents on the conditions for the development of cooperatives. Overall, the relative share of unsatisfactory assessments is high.. The provision of loans receives mixed assessments: 52.4% gave a positive assessment (11.9% "very good" + 40.5% "good"), and 21.4% are dissatisfied. Access to consulting services is relatively well rated - 47.7% (6.8% + 40.9%), although there are 18.2% who are dissatisfied with them.

The most problematic area is the "attitude of state institutions" towards cooperatives, as 54.3% of respondents give "unsatisfactory" ratings. Laws and regulations are assessed negatively by 34% of respondents. These results are a clear signal of serious distrust in the work of public and local administration, as well as in legal provisions.

In relation to the support and assistance of cooperatives by local authorities, dissatisfaction is expressed by 53.1% of all respondents.

Access to information on innovations and investments is also problematic. Over 32% of respondents are dissatisfied with the existing conditions; according to them, they limit the opportunities for development.

The biggest problem for the development of cooperatives' activities are the provisions of the Cooperatives Act (1999). This is the opinion of 58.1% of all respondents, since in their opinion the law does not correspond to the contemporary needs of cooperatives. This provides ample grounds for future discussions and ongoing research. According to 40.3% of respondents, tax legislation is an obstacle to the development of cooperatives. Sectoral legislation is also a problem for 29% of respondents, which indicates a regulation between individual sectors that does not correspond to the needs. The provisions for participation in public procurement (16.1%) and inconsistencies with European legislation (14.5%) are also reported as unfavorable.

The smallest problem is related to the legal provisions on lending. Only 6.5% of all indicate it as such.

According to the respondents, the main barriers to the development of cooperatives are related to support from the public sector and the legislative framework. Cooperatives certainly feel a lack of institutional support and difficulties in accessing important information. Cooperative managers strive to develop their potential, but changes and improvements are needed in the institutional environment. It is evident that a change is needed in the provisions of the Cooperatives Act (1999). Tax policy towards cooperatives should also be changed in the direction of alleviating the tax burden. Full harmonization of Bulgarian and European legislation is needed, and sectoral regulations should be adapted to modern conditions. These and other aspects should be the focus of future research and discussions (7, 9).

In summary of the above, it can be argued that new scientific research is needed related to the activities and management of cooperatives, which would serve as a basis for building a correct understanding of their essential role in socio-economic life at the regional, national and European levesl (10).

CONCLUSION

According to the respondents, cooperatives in Bulgaria are a “model for collective action of member-cooperators”, in which, through joint management and mutual assistance, people are put at the center of the activity. This helps to overcome social inequalities and distribute resources more fairly.

Cooperatives support small producers, create jobs that are especially important for rural areas, where opportunities are more limited.

The managers of the cooperatives studied have the necessary education; have sufficient professional experience and a will to develop them. However, the ratio of income to expenses should be analyzed annually, as this is an indicator of the cooperative’s development potential. In order to develop the potential of cooperatives in Bulgaria and to guarantee their growth in general, “fresh” financial resources are needed to allow for investments and innovations. Financial support is especially needed for small and newly built cooperatives with the value of owned fixed assets below 50 thousand.

In conclusion, the cooperative model has traditions in Bulgaria and should play a crucial role in building a just and prosperous society, but vision, targeted policies and active civic participation are needed. Cooperatives are not just a business model, but a way of life based on solidarity, trust and mutual assistance, which can contribute to economic stability and social well-being.

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