

## SOCIAL ASPECTS OF COOPERATIVE VALUES OF SOME TYPES OF COOPERATIVES IN BULGARIA

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### Abstract

*From their inception until now – the last 180 years – cooperatives are organizations that unite and balance the social and economic demands of society with the expectations of their members. Cooperative values and principles have been preserved for almost two centuries, which is proof of their sustainability and permanence. These values impress upon the societal values of freedom, equality and democracy. The aim of the present study is to study the social aspects of cooperative values in some types of cooperatives in Bulgaria. To achieve the goal, the following tasks are solved: (a) to examine the nature and character of cooperative values; and (b) to reveal the social aspects of these values by following their manifestation in individual Bulgarian cooperatives. To achieve the goal and solve the tasks, the methods of analysis and synthesis, induction and deduction, the structural-functional approach are applied. The main result of the study is that meeting the social needs of the member-cooperators in Bulgarian cooperatives occupies an important place, and for a significant part of the cooperators - a priority. From the analysis in this research, we can conclude that the social aspects of cooperative values in Bulgarian cooperatives makes them unique as a legal-organizational form, since these values are close to universal human values.*

**Key words:** cooperatives, social responsibility, social enterprises, mutual aid, equality, Bulgaria

### INTRODUCTION

Cooperatives are one of the main subjects of the social economy, through which a number of economic and social problems of a significant part of the population in the world, including in Europe, are solved.

The European Union itself is being built as a union of equal welfare states, which proves the importance of the cooperative system and its values.

For the last two centuries since their inception, cooperatives have served as organizations that harmonize the social and economic needs of society with the expectations of their members.

Throughout their long history, cooperative values and principles have remained steadfast, demonstrating their enduring sustainability. The present research aims to examine the social dimensions of cooperative values within various types of cooperatives in Bulgaria.

To achieve this objective, the following tasks are undertaken:

-To delve into the nature and essence of cooperative values;

- To uncover the social impact of these values by observing their manifestation in specific Bulgarian cooperatives.

In pursuit of these goals and tasks, methods such as analysis and synthesis, induction and deduction, and a structural-functional approach are employed.

The association of economic entities within a cooperative can allow the rapid construction of value chains and lead to an increase in both their economic results and the production capacity of the agrarian sector.

### MATERIALS AND METHODS

Within the framework of the present study, information from centralized information sources and databases is used - Agrostistics of the Ministry of Agriculture and Food of Bulgaria. The methods used are analysis and synthesis, correlation analysis.

The necessary information for the analysis has been acquired from the Bulgarian trade registry. The national and European legal

framework in the cooperative field have been studied in order to classify the cooperatives and to establish the development of the administrative environment.

## RESULTS AND DISCUSSIONS

The concept of cooperatives is becoming broader and includes more forms of partnership and cooperation than the ordinary activities of traditional agricultural cooperatives.

The cooperative, as a voluntarily created organization, which, based on cooperation and mutual assistance between its members, carries out activities to satisfy their interests, changes over time [16].

In recent decades, social cooperatives, community cooperatives, social solidarity cooperatives, collective interest cooperatives and multifunctional cooperatives have been created in a number of countries (Italy, Canada, Portugal, Great Britain, etc.). This type of organizations is considered by some researchers as a combination of association and cooperation [5]. But in fact, these social enterprises are in tune with the main mission of cooperatives – to provide services in all aspects through self-help and mutual assistance to carry out activities of a common nature.

Self-help and mutual help are one of the core cooperative values [4]. Historically determined, as the most important, with a traditional character are the following cooperative values:

- self-help (autonomy, mobilization)
- mutual aid (cooperation, solidarity)
- democracy (equality)
- freedom (voluntariness)
- equality (fair distribution)
- lack of discrimination (openness)
- personality development (improvement of individual abilities, education)
- universality
- a duty to society.

The social goal, and the social aspects of the cooperative's activity is determined historically by its origin - the first consumer cooperative established in 1843 in the English town of Rochdale had as its main objective

the opening of a shop for essential goods and the construction of homes for its members [23].

Today, almost two centuries later, the interests of cooperative members take precedence over those of the cooperative as a legal entity [22]. Article 1 of the Bulgarian Law on Cooperatives (1999) [6] states that the relations between the members of the cooperative are based on mutual assistance and cooperation between them, as commercial activity is carried out to satisfy their economic, social and cultural interests.

The performance of activities primarily for the benefit of the members of the cooperative is observed in the cooperative legislation of other countries (Germany, Austria, Spain, etc.), as well as in Article 1, item 3 of Regulation 1435/2003/EC regarding the Statute of European Cooperative Society [15], according to which it has as its main objective satisfaction of the needs and/or development of economic and/or social activity of the members.

To change the design and practice of current industries in ways that help realize the economy's great potential, stakeholders can take advantage of four levels of cooperation: information sharing, consultation, joint action, collective decision-making.

Cooperatives are people-oriented enterprises owned, controlled and managed by and for their members to realize their common economic, social and cultural goals and needs [9]. Concepts of sustainable economic development require the integration of different sectors and economic activities, which can be achieved through regional/cross-border cooperation. However, the stakeholders of the cooperative must have trust, responsibility and accountability.

Bulgarian legislation, through the Law on Social and Solidarity Economy Enterprises (2019) [10], defines cooperatives as one of the three entities (apart from non-profit legal entities and social enterprises) of this economy (Law on veterinary medical activity) [11]. This circumstance in the law is based on the fact that the principles of the social and solidarity economy, specified in Article 4 of this law, are traditionally highlighted in

cooperatives - priority of social over economic goals, association for public and/or cooperative benefit, publicity and transparency, independence from state authorities, participation of members, workers or employees in making management decisions. A number of researchers of the theory and practice of the cooperative define it as a social model of an enterprise [8] and an economic system with social content [17]. Cooperatives in Bulgaria have a long history, and a significant part of it bears the imprint of the planned economy in the country between 1945 and 1989. The cooperative forms applied in this period have a specific character, which differs significantly from the basic cooperative model, and this leads to the mistrust of economic entities to this form of association.

One of the most popular forms of cooperation in Bulgaria are agricultural cooperatives, focused on the production, processing and sale of agricultural products. The 2020 census of agricultural producers in Bulgaria reports the presence of 713 agricultural cooperatives in the country in 2020, cultivating a total of 471,903 ha. or about 10% of the cultivated areas in the country (Table 1).

These cooperatives have focused mainly on the production of several agricultural crops: cereals and legumes, technical crops and oilseed crops (sunflower and rapeseed). Throughout the presented period, the agricultural areas managed by cooperatives decreased, while the total volume of areas, especially at the end of the period, increased. This process leads to the gradual decrease in the relative share of the areas managed by cooperatives and, accordingly, their potential for development [18].

Table 1. Relative share of the areas used by agricultural cooperatives

Used agricultural areas, ha			
Period	2013	2016	2020
Total agricultural holdings	3,794,910.54	3,795,534.35	4,564,152.00
Cooperatives	565,372.87	510,697.63	471,903
Relative share	14.90%	13.46%	10.34%

Source: Ministry of Agriculture, "Agrostatistics", Results of the census of agricultural holdings in Bulgaria in 2013, 2016, 2020 [12].

The number of agricultural cooperatives also decreased during the research period (Table 2), and in 2020 only 713 such cooperatives were operating in the country. The relative share of cooperatives, as part of all agricultural producers, is extremely small - only 0.56%.

The significant difference between the relative share of agricultural cooperatives in the total number of producers and their relative share in farmed areas shows that their average size is greater than the average values for the sector.

This fact creates an opportunity for these cooperatives to improve their position in the sector in the future if they apply more innovative cooperative models and include more activities from the value chain.

Table 2. Relative share of agricultural cooperatives

Agricultural cooperatives in Bulgaria			
Period	2013	2016	2020
Total agricultural holdings	244,594	184,448	127,278
Cooperatives	811	767	713
Relative share	0.33%	0.42%	0.56%

Source: Ministry of Agriculture, "Agrostatistics", Results of the census of agricultural holdings in Bulgaria in 2013, 2016, 2020 [12].

The application of such innovative models of cooperation can be supported by borrowing experience from other European countries and their cooperative associations. Within the European Union, there are dozens of working examples of added value chains built within a cooperative association of producers pursuing both their own economic and cultural goals, as well as responding to public interests.

Cooperative values and principles, their social aspects were evaluated and implemented more than 130 years ago in Bulgaria - the first cooperative was established in 1890 in the village of Mirkovo, Pirdopsko as an agricultural credit cooperative [13].

According to data from a large-scale study conducted by [2] for the period 2005-2023, a total of 9,037 cooperatives were registered in Bulgaria, of which the largest number of active cooperatives was in 2005 - 5,274, and the least in 2021.

In this study we analyse the status of the cooperatives according to the Commercial Register and found that as of June 2023, for the researched period there were:

- 2,818 cooperatives with an "active/active" status,
- 4,747 with an "inactive/inactive" status
- 871 cooperatives were deleted,
- 443 ceased economic activity
- 104 are in liquidation
- 33 are in reconstruction

According to the cited authors, during this period, cooperatives developed activity in almost all economic sectors. The largest number of established and functioning cooperatives are in:

- "Agriculture, Forestry and Fisheries" sector - over 50% of the total number
- "Trade, Car and Motorcycle Repair" sector - 16%
- "Real Estate Operations" sector - 8.5%,
- "Processing industry" sector - 7.8%.

Bulgaria's integration into the global arena, coupled with the liberalization of animal trade and products, ongoing agricultural and processing industry transformations, and its geographical location, heighten the risks associated with the emergence and widespread transmission of infectious animal diseases and zoonoses.

In the decade following 1990, Bulgaria witnessed a shift in animal husbandry practices marked by the deconcentration of large farms. While these changes helped address veterinary issues by reducing the disease propensity of intensive animal farming, challenges persist in combatting certain diseases like leukosis, where progress in containment remains limited.

The veterinary medical service in our nation boasts a rich history spanning centuries. Bulgaria's strategic location as a potential pathway for the spread of animal diseases and toxins from Asia to Europe underscores the vital role of our veterinary medical service in implementing proactive measures to combat epidemics and safeguard both our nation and the broader European community from infectious diseases and zoonoses.

Given the predominantly private nature of veterinary practice, it stands as one of the

primary professions allowing for independent practice, akin to fields such as law and humanitarian medicine (Haas, 1990). In industrially and agriculturally advanced nations, the ratio of private practitioners to public service veterinarians typically ranges from 1:3 to 1:9, mirroring a similar trend observed within our country (Register of veterinary medical institutions with registered veterinarians, BABH, 2023) [14].

In Bulgaria the battle against anthrax, brucellosis, trichinellosis, tuberculosis, and cysticercosis (canine tapeworm) remains particularly pertinent. Effectively combating these diseases necessitates systematic and comprehensive approaches that extend beyond the capabilities of individual veterinarians and cooperation among them might become a necessity. It requires coordinated efforts by large-scale veterinary organizations at national and international levels, equipped with the necessary technologies and specialized teams capable of mounting rapid and qualified responses to these challenges [3].

In the 1940s, Bulgaria saw the establishment of a veterinary and livestock cooperative, which by the end of 1945 boasted 452 members and possessed assets exceeding BGN 10 million [7]. During the same period, the cooperative generated sales of nearly BGN 18 million in goods and BGN 1.5 million in tools. Additionally, it engaged in the production of cheese yeast, verulin, and crystallin [23].

Several factors drove the collaboration among veterinary specialists within the cooperative:

- Swift response to requests from farmers and businesses.
- Internal specialization enabling the performance of diverse veterinary services.
- Mutual support in executing large-scale state veterinary initiatives.
- Cost savings through collective procurement of medications, equipment, biological preparations, and other necessities.
- Enhanced efficiency in utilizing outpatient clinics, offices, and inventory resources.

Regardless of the tendency to decrease the number of active cooperatives in the country, they have an important role in significant

sectors of the economy. Cooperative values continue to satisfy social needs of cooperative members.

The authors of this study have in 2023 randomly selected and analyzed a number of statutes of various cooperatives in Bulgaria. It was established that the studied cooperatives largely protect the social interests of their members. Thus, in Article 5 of the Statute of the comprehensive agricultural cooperative "Saglasie" [19], in the village of Lovnidol, municipality of Sevlievo, it is written that part of the subject of the cooperative's activity is "Meeting the needs of its members and their social support in accordance with its economic capabilities", as and "Providing assistance to build and support the functioning of the social infrastructure in the settlement".

Article 5 of the Articles of Association of the Electricity Production Cooperative "Vineyard Committee Zheravica", Montana [1], also states that the cooperative aims to provide its members with quality and continuous electricity supply.

In the Statute of a water supply cooperative from the city of Ruse [20], Article 6 states "The purpose of the cooperative is: Construction and management of a plumbing installation, ensuring the supply of drinking water to the real estates of its member-cooperators located in the city of Ruse .... , as well as the accounting of the drinking water consumed and the collection of the amounts due".

Main function of "Aidemir-98" cooperative, Aidemir village, Silistra municipality [21], acc. Article 4 of its Statute requires the cooperative to work and assist in satisfying the interests of its members by carrying out commercial, social, cultural and other activities.

The statutory provisions of the other cooperatives analysed by the authors are similar. Meeting the social needs of the member-cooperators occupies an important place, and for a significant part of the cooperators - a priority. The social aspects of cooperative values give uniqueness to the cooperative as a legal-organizational form, since these values are close to universal human values, which are immutable.

## CONCLUSIONS

The practice of veterinary medicine is governed not only by legal regulations but also by moral, ethical, and biomedical standards. Given its nature, which involves the provision and delivery of services, the cooperative emerges as a fitting organizational structure. However, it's important to recognize that no single form of organization can resolve all challenges automatically. Success and prosperity in this field depend on individuals who can exhibit entrepreneurial spirit, leveraging their professional expertise and adeptness in navigating market opportunities.

Building a sustainable network aimed at the creation and maintenance of new cooperative models may be a prerequisite for their application, especially in their initial deployment.

The various cooperative models can help the development of the economy in Bulgaria and the construction of a new generation of value-added chains based on it.

Achieving this goal requires the activation of local management and investment resources through the proper targeting of various forms of public support.

In conclusion, it can be summarized that the cooperative, through its cooperative values such as democracy, voluntarism, and mutual assistance, has real opportunities to participate in the sustainable development of economic sectors in all countries.

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