

Lessons from the Development of Bulgarian Agricultural Productive Co-operative

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Summary: In the paper are depicted the problems of functioning and development of agricultural productive cooperatives during the period 1992 – 2005. On the basis of division into periods of their significance and distribution are assessed the main problems of the management, functioning and adaptation to the changes of the business-environment.

The evaluation of the functioning and behavior of the agricultural productive cooperatives and of their members are based on author's investigation of more than 60 cooperatives in different regions of the country carried out in 2000, and for the period after 2000 – on statistical and investigation data of the small and medium business in the rural regions of Haskovo region (2003 – 2005) and of the land-leased model of agriculture in Dobrich region (2001 – 2002).

Key words: cooperative, agricultural productive cooperative.

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Introduction

During the last fifteen years the problems of functioning and building of the agricultural productive cooperative are amongst the most discussed between the agrarian economists. With the accession of our country to the European Union change substantially the conditions of their development and functioning which is a precondition for the beginning of new period in their development.

The aim of the paper is on the basis of the assessment of the significance of the agricultural productive cooperatives and on the problems of their functioning and management to elaborate trends and suggestions for their adaptation to the conditions of the common European agriculture.

The agricultural productive cooperatives were created in the conditions of land and agrarian reforms and economic crisis. These new organizations were established in an environment with extremely high degree of changeability of business environment, which was a precondition to the traditional for organizational structures problems to add several others.

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Methodological problems of the cooperative

In the cooperative theory there exist number of tested and proven research hypotheses for the preconditions agricultural owners to participate in the cooperatives and their relation to the efficiency, compatibility and stability of the cooperative organizational form.

The cooperative as a voluntarily created organization which on the basis of collaboration and mutual aid between its members carries out an activity for satisfying their interests, poses in front of the researchers several challenges linked with: the motives and reasons which drive the person to prefer the collective way for realization of its aims, the specificity of the cooperative regulatory mechanism and cooperative distribution problems and etc.

The discussion for reasons of the individual choice of the collective activity is more than 100 years long. Whereas among the researchers from XIX century and the first half of XX century dominate the idea for compulsion, for the impossibility particular result or profit to be obtained via another way than through cooperation, during the last decades is the tested the opposite hypothesis. According to the second group of authors of the voluntary organizations, including the cooperative leading is the role of the future strategic aims and for

obtaining then the individuals with common interests are inclined to sacrifice means from different character.

As with other similar researches testing of the final alternative “threat-prospect” by different authors do not leads to synonymous empirical results. The final research hypotheses in this case are not backed up which allows to be formed a third opinion. According to the third opinion the individuals become members of different voluntary structures by different reasons not only due to “threat” or “attractiveness of the chosen stimuli. Moreover, the individual motivation can be based on personal stimuli and on collective aims as well¹.

While looking for the essential characteristics of the cooperative, some researchers² assign it to the forms of non-market horizontal coordination in which the leading regulatory mechanism is related with the mutual regulation or standardization of values and norms. On this basis are built the confidence, the commitment which are a precondition for combination of the formal organizational norms with the informal one, which help for their development and thus decrease the expenditures for surveillance, control and compulsion. Often the informal structure and relations created spontaneously during the period of establishment of the cooperative regulate the activity, despite the built on a later stage formalization of the procedures and relations.

The cooperative as a democratic managed structure for economic transaction is an object for several researchers. In the centre of their interest is the way of achieving coordination of the group economic activity. Is depicted the mechanism for coordination of the individual aims for obtaining the common aim.

¹ Hagedorn, K., Three Approaches towards Co-operation, International Conference, Plovdiv, 1999.

² Douma S. and H.Schreuder, Economic Approaches to Organisations. Apprentice All International, London, 1998.

Supporting the advantages of the participation of all members (directly or indirectly) in the managerial process, the authors think that the problems and difficulties are due to the necessity of constant efforts for supporting the cohesion and unanimity of the organization. For this purpose two strategies are proposed which differ diametrically in terms of the applied approaches and means. The first is based on the commitment of the group members, on their loyalty and on the leadership of the chosen by them leader. It presupposes altruistic behavior by the members, readiness to give priority to the collective interest more than to the private one, which greatly decrease the necessity of orderly institutional pattern.

The second strategic trend operates with the terminology of the organizational theory and includes the establishment of rules, frame, coordinative mechanism which differentiate rights, responsibilities and obligations. Their establishment should take into consideration the individual motivation of the members and the same time act as a defense against the opportunistic behavior and the insufficient member loyalty.

Not making absolutist these two alternatives, they find their specific, individual and unique proportion in every cooperative, because the voluntary and free participation can not be not combined with an impeccable organizational structure, which do not exclude the altruistic behavior models, particularly in crisis for the functioning of the cooperative situations.

In conformity with the main economic rules, some authors³ with good grounds look for the relations between the essence of the cooperative

organization and the economic principles in which it is based and functions. Moreover the success of the cooperative, its productivity and efficiency are directly related from the achieved member consensus toward the limitedness of the resources and the rational usage.

Strong debatable problem in the cooperative theory is the correlation between the democratism of the cooperative as a form of business organization and its efficiency. This problem reflects the fact that is not sufficient through the cooperative to establish opportunities for increase of the members' benefits. To survive in the competition with the other organizational structures, the cooperative should be effective. To satisfy this requirement are elaborated such "rules of the game", such frame of activity for each member in order to motivate him/her to participate. In care there are constant losers, is logical to expect that they will quit the cooperative, thus, the so call by some authors "principle of the relative justice" requires adequate solutions in all areas of the common activity. For that reason the ability of the cooperative to survive depends on finding fair solution of the main debatable problems. According to some researchers⁴ the solution of the problem of with fair distribution is the main condition for cooperative survival. Only via through looking for balance, constant equilibrium between the incomes and expenses could be supported the long-term voluntary cooperation and coordination.

Numerous researches of the distribution mechanisms in the cooperative allow the applied solutions to be summarized in several directions. Part of the cooperatives apply short-term solutions and via negotiations and consent

³ Cooperatives in Agriculture (1989) , D. Cobia – Editor, Prentice – Hall.

⁴ Olstrom E. (1998), The Institutional Analysis and Development Approach, In Designing Institutions for Environmental and Resource Management, Tusak-Loehman E. and D. Kilgur (eds.), USA: Edward Elgar.

Von Pischke J. D. (1996), Capital Formation in Agricultural Cooperatives in Developing Countries: Research Issues, Finding and Policy Implications for Cooperatives and Donors, FAO, Rural Administration & Cooperatives.

solution of the problems is achieved. Besides this the obtained contract reflects the influence of the numerous factors linked both with the positions of the different groups of cooperative members as well as with characteristics of the concrete situation. This limits the opportunities for application of such approach for a short period of time of for emergency situation in the cooperative activity.

Another practice is the inclusion of a neutral individual – mediator who solves the distributions problems in the frame of the rules accepted by the General Assembly of the cooperative. This variant creates preconditions to increase the possibility for fair decisions.

In several cooperatives the distribution is based on the “golden rule” of reciprocal distribution, on the voluntary self-limitation regarding the used welfare, on the “sacrifice” of current benefits at the expense of future ones and etc. In these cases the individuals accept that they themselves can get into risk situations (similar to their partners) and they desire to limit the unfavorable results of a similar event.

Another used in the practice decision is the one of equal benefits distribution. The history of the cooperative movement shows that the development of the cooperative is accompanied by evolutionary transition from equal to proportionally distribution, which take into account the relative inequality of the participation of the cooperative members. Thus, ways for an increase of the stability of the organizational establishment are looked for.

The depicted theoretical positions and hypothesis reveal only small part of the immanent specific characteristics of the cooperative which are in the bottom of the its choice by many land owners.

The productive cooperative in Bulgarian agriculture.

After the executed during the period of 1992 – 1994 liquidation of the existing in the beginning of the 90ties collective productive structures many land owners from different regions of the country chose to unite their land and other resources in agricultural cooperatives. The preconditions for such behavior should be looked for in the undeniable advantages created by this form for organization of the small land owners and in the experience and traditions for collective land cultivation during the second half of the last century. Besides this the prevailing part of the land owners during this period have non-agricultural labor occupancy and even do not live in the regions where their land is situated.

The agricultural cooperative became main organizational structure in Bulgarian agriculture which constantly changes its economic significance and distribution. Table 1 depicts the changes in the number, average size and used land by the agricultural cooperative during the last 15 years. The data shows three main stages in the process of establishing and functioning of these organizational structures. They differ by:

- Significance of cooperatives for branch economy
- Conditions for functioning
- Territorial distribution
- Dynamic of changes among agricultural cooperatives

The first period encompasses the time from voting the Law for ownership and use of agricultural land till the restoration of the agricultural land property in the biggest part of the inhabited places. During the first three years were established over 1800 cooperatives. All of them were created without preliminary

Table 1. Dynamic of development of agricultural productive cooperatives

Years	Number of agric. cooperatives	Annual change in number in %	Aver. size of UAA in ha	Annual changes in aver. size in %	Relative share in UAA
1992	347	100	193	100	1,4
1993	1230	354,4	614,9	318,6	16,3
1994	1873	152,3	716,6	116,5	28,9
1995	2815	150,3	766,9	107	45,9
1996	3213	114	762,2	99,4	42,4
1997	3229	100,5	753,9	98,9	41,7
1998	3269	101,4	742,5	98,5	40,3
1999	3237	99,0	676,2	91,1	37,5
2000	2405	74,3	644,5	95,3	50,0*
2001	2168	90,1	668,8	103,8	46,8
2002	2010	92,7	676,6	101,2	43,6
2003	1992	99,1	587,0	86,7	38,5
2004/2005	1525	76,5	584,2	99,5	33,0

* Since economic year 1999/2000 was changed the basis for calculating the relative share of the structures – from cultivated land as per balance to UAA (Used Agricultural Area).

economic assessments and projects, which was a precondition their size to be based only on the number of land-owners who desired to cooperate in the respective village and on the size of their own agricultural land. As a result arouse several discrepancies in the size, number and proportions between the different productive factors in the cooperatives, which was the first (although not the most important) precondition for the low efficiency of the productive factors use.

During this period the organizational structures functioned in an extremely unfavorable business environment with high inflation and totally liberalized agrarian policy which offered only minimal state support through credits with low interest rate for particular agricultural practices combines with constant changes in the foreign trade regime and others.

At the same time the management and chairmen of the agricultural cooperatives

were hampered to organize and manage the newly created organizations. The main reasons should be looked for in the large number of cooperative members and defined mechanisms for cooperative management based on the principles of democratic and open membership. For one side the cooperative management secures the equal in rights participation in management, from the other side – hampers highly the direct operative management of the production and as a result the functioning of the agricultural holding itself. This in combination with the insufficient managerial preparation of the cooperative managers (particularly in the area of trade with agricultural products) became a precondition for several unfavorable results and trends in the development of the agricultural cooperatives.

Should not be underestimated the fact, that several cooperatives functioned without insufficient number and with adequate qualification specialists. The reason for this was

the attitude towards the agricultural specialists during the period of liquidation of the collective structures, which forced the prevailing part of them to look for another professional realization. At the same time a large number of cooperative members preferred to choose as chairmen of their cooperatives persons with huge labor experience in others professional activities and areas. As a result with the management of the productive activity were engaged people with different technical background, former retired military specialists and others, which combined with the permanent lack of tangible resources highly decreased the technological level of production and the achieved average yields from the main agricultural crops.

According to data of the National Statistical Institute the total size of the cultivated land in the cooperatives in 1995 totaled 2,16 mln. Ha or 45,9 % from the cultivated land. The average size of the used by one cooperative agricultural land was around 766,9 ha.

During the survey⁵ was established that the created during the first period cooperatives applied different solutions for defining the size of the allotment payments. The most often approach was an equal size of the payment for all members. The existing differences in the way of definition and in the size of the allotment payments were mainly due to the different possessions received after the liquidation of the existing in the territory of the village collective farm. These differences were more expressed among with the cooperatives registered during 1994, whereas all registered in 1996 have identical decisions.

The right for participation in the management of all cooperative members is equal despite the several possible ways for participation in the

cooperative: with land, labor and capital; with labour and capital; with land and capital; only with labor; only with capital. Data show that prevail the cooperatives in whose Statutory norms were include the first three possible ways for becoming a cooperative member, but in 4 of the cooperative existed all five possible ways for participation. Specific ways for membership existed in 2 of the cooperatives. In one of them members were only land-owners with capital and land, in second participated only the people working in the cooperative with their deposited allotment capital.

The review of the statutory norms defining the rules for membership and the procedure for leaving the agricultural cooperatives provide the grounds to draw the conclusions that they guarantee the voluntary, democratic and open character for participation in this organizational form. At the same time they do not take into account the peculiarities of the agricultural sector and production.

The results of the survey disclosed large variety in terms of average size and provision with productive factors. Regarding the average size of the cultivated land in the surveyed cooperatives they were between 3000 ha (Dobrich region) till 10 000 ha (Sofia region). The variety of size reflects the difference in the soil-climatic conditions and traditional specializations in which they functioned, and in some cases – the extent of the territory of the respective village.

Data show that almost all cooperatives organized their activity on land – property of the cooperative members. In some cases (2 cooperatives) was leased limited amount of land from the State Land Fund and private persons. There were cooperative which let on lease part of their land.

⁵ Kanchen I., Doitchinova J. (2000), Comparative analysis of functioning and management of private organizational structures in agrarian sector, Research project № 21.03-9/1999, University of National and World Economy, Sofia, Bulgaria.

Prevailed cooperatives with grain crops specialization combined with technical cultures (sunflower). Largest was the number of surveyed cooperatives with relative share of between 50 and 60 % grain crops and with up to 20 % sunflower from the total cultivated land.

Due to the small number of permanently engaged personnel, the biggest part of the cooperatives did not have build permanent internal organizational structural units. In the agricultural cooperatives with size over the average, the organizational structures was established on sector principle for the hand-made operations whereas the mechanics were set up in independent (temporary or permanent) productive groups. The applied approach created from one hand conditions for efficient use of the equipment and machines, and from the other, excluding the grain production, decreased the personal interest and responsibility of the mechanics for the achieved results in the other cultures and products.

During the years after the establishment in all of the cooperatives was noticed several times increase in the number of cooperative members. In some cases they were more than 3000. This hampered the preservation of the cooperative principles of management. In the biggest part of the cooperatives the General Assembly of the members was changed by Reunions of Deletes chosen from every 5 to 20 cooperative members.

In the same time very low was the relative share of the members who participated with their labor – from 0,5 % till 22 %. As a logical result the taken decisions favored the prevailing part of the cooperative members who do not participate with their labor and have another profession and live in another place. The number of members who participate with their labor activity varies in wide limits but prevail

the cooperatives with number of permanent employed personnel below 20 people.

Despite the equal statute and legislative frame for functioning, the agricultural cooperatives use different approached for forming and distribution of the incomes of their activity. Mostly spread was the approach in which the funds for labor payment and for rent were accepted as advance defined normative productive expenses. Thus, as a result a profit is established from which were distributed funds for dividends and as a reserve fund. This distribution mechanism guaranteed the economic realization of the property of the land owners who did not participate with their labor in the cooperative. At the same time it did not motivate the working people because their payment was not linked with the results from the productive activity of the agricultural cooperative.

The practice of the income distribution in the cooperatives depicted that the result-rest approach for distribution of the income of the cooperative which more fully corresponds to the cooperative principles of distribution is almost not applied.

Most of the cooperatives conclude labor contracts with their members, although their statutory norms do not exclude the use of labor of people not members of the cooperative. In practice these are relations between owners and the chosen from them collective managerial bodies, which is not necessary and is not appropriate to be arranged according to the rules of the Labor Code. Moreover, the normative documents provide wider opportunities the cooperative members to define their insurance income and to choose the type of the insurance risk.

During the second period 1996–1999 the process of establishment of cooperatives became more

dynamic and annually were registered between 600 to 800 agricultural cooperatives and in 1998 their number totaled 3269 with average size of 742 ha and 234 members-founders. The main reasons for speeding the process were the recognition of the right of ownership of the land owners, the establishment of State Fund "Agriculture", the adoption of the Law for Protection of Agricultural Producer and other measures of the state agrarian policy. As a result the relative share of the cultivated land in the cooperatives achieved 41,7 %.

The made enquiries of the problems of the collective management during this period of development of the cooperatives allow the following conclusions to be made:

Prevailing part of them (90,9 %) swapped their General Assembly with Delegates Reunions due to the large number of members;

- Part of the cooperatives (45,5 %) had problems with summoning legitimate delegate reunions and in two of the cooperatives these problems are constant;
- Problems with convoking and holding the meetings of the Board of Managers are not noticed in any of the cooperatives;
- Small is the number of the revised decisions from the General Assembly. In 1999 and 2000 such precedents took place only in 2 cooperatives, but during the previous periods similar problems had more than half of the cooperatives.

Special attention was drawn to the most debatable problems on the General Assembly. According to the assessment of the cooperative manages they can be ranged as per their significance as follows:

- Size of the rent payments;
- Tariffs for payment of the mechanic services offered to the cooperative members;

- Business program of the cooperative;
- Payment of people working in the cooperative and others.

The number of the agricultural productive cooperatives is relatively constant during the period 1997 – 1999. In considerable part of then was noticed worsening of the economic and financial situation due to the chosen narrow productive specialization, unfavorable climatic conditions, low prices, weaknesses in their marketing activity, non-consistent state policy in the grain crop sector and others. Negatively started to influence the consumption trend in income distribution applied in majority of the cooperatives, the minimal allocations for preserving and renovating the machines and equipment, the consequences of the done liquidation and etc. Due to the impossibility to give back the owed money from the used credits provided by State Fund "Agriculture" and the Trade banks, several cooperatives had difficulties in carrying out the productive process. Part of then offer the land of their members to be cultivated by other producers against land-leased contracts and often lend their equipment as well. Another part of the cooperatives did not pay rent to their members or the rent was very low.

Because of these problems, combined with several others in the end of 1999 were made corrections and additions in Law of Cooperatives. The normative requirement the agricultural land to be used by the cooperatives only on rent or leased basis created preconditions for decreasing the conflict situations when defining the annual rent payment. Without question this decision increased the level of defense of the interests of the land owners for the economic realization of the land ownership, but did not alleviate the management of the cooperative. The reason was, that the land owners continued to be members of the cooperatives keeping

all rights. The data from the survey in Dobrich region in 2002⁶ depicted that even before the changes in the Law of Cooperatives the size of the paid rent in most of the cooperatives was defined in advance. It was changes only when having non-favorable climatic and market conditions during the annual General Assembly. The requirement for concluding individual rent or leased contract between each cooperative member and the Chairman when having weak productive results became a reason for financial difficulties and even for ceasing the activity of the cooperative. Thus, the implementation of the fixed annual rent and leased payment defend one-sided the land owner, but not the cooperative itself as an organization. It is possible to overcome such discrepancy if the rent or leased payment is defined on allotment principle. Such decisions were gradually taken in majority of the cooperatives and the leased payment is defined as part of the average yield received from the respective culture.

Data from a survey regarding the conducted changes in the statutory norms of the cooperatives related to article 31(3) from the Law of Cooperatives depicted that the 43 cooperatives which answered the questionnaire 67,4 % concluded contract for rent of land of their members. As main reasons were pointed out:

- The non-desire of the owners to provide their land for the minimal required period of 4 years. In some regions (particularly in the cooperatives close to towns) there exist high expectations of the land owners for an active land market;
- The more complex procedure for concluding land-leased contracts;
- The lack of mechanism for changing the leased payments in the frames of the leased contract and others.

The rest of the cooperatives concluded only leased contracts (18,6 %) or applied a combination of the two types in 14,0 % of the cases. Leased contracts for a period higher than the minimal were concluded only in one cooperative – for five years.

These data showed that despite the changed way for providing the agricultural land for collective cultivation are not improved substantially the conditions for producing agricultural goods. The largest part of the cooperatives can not build stable crop rotations which decrease the motivation for long-term investments and creation of new perennials.

During the third period of the development of cooperatives (after 1999) between 150 and 600 agricultural cooperatives cease their activity each year. As a result in 2003 in comparison with 1998 the relative share of the used by the cooperatives agricultural land decreased two times for the whole country and in some regions – 4-5 times less.

In 2003 during the Census of the agricultural holdings was determined that only 55 % of the functioning in 1998 cooperatives still continue their activity. In 11 regions of the country more of the half of the cooperatives stopped their activity. The decrease of the number of the cooperatives was accompanied with an increase of the average size of the used agricultural land only in 5 regions. In national scale the average size of the productive cooperatives decreased with more than 80 ha and reached 663.6 ha. Thus, the decrease in the number of the cooperatives was not linked with their unification or restructuring, but with their liquidation. In the regions with the highest number of liquidated cooperatives was noticed a substantial increase of the non-

⁶ Kanchev I. et al. (2002), Development of land-lease model of agriculture in Dobrich region, Stopanstvo.

cultivated land which for some municipalities is more than the cultivated⁷.

Although as a whole the agricultural cooperatives cultivate Независимо, че камо цяло земеделските кооперации обработват 38,5 % of the used agricultural land, they have prime significance as agricultural producers in 11 regions. It varies between 72,8 % in Pernik region till 45,19 % in Targovishte region. In some regions with semi-mountainous territories (Blagoevgrad, Kiustendil, Kardjali and Smolian) the role of the cooperatives is measured by 3,5 %, and in Blagoevgrad and Smolian regions – less than 1 %.

The process of decrease of the significance of the agricultural productive cooperative is not finished yet and the relative share of the used agricultural land by this form reached 33 % in the financial 2004/2005 year. For the first time

after the start of the reforms the cooperatives make level on the used agricultural land with the holdings of physical persons and loose their leading role. These changes are due both to the substantial decrease in the number of the cooperatives and in the decrease of their average size. (Figure 1).

The prevailing part of the cooperatives (around 80 %) use only agricultural land. The average size of the used agricultural land in them is 5926,6 dka, and average for all cooperatives – 5870 dka. In then are grown 45,2 % of the common wheat, 52,43 % of the durum wheat, 47,2 % of the barley, 48, % of the sunflower, 29,5 % of the vineyards and perennial and others. These data show that the agricultural cooperative is of prime importance in the production of grain crops and some technical cultures and has a considerable participation in the production of fruit and frappe.

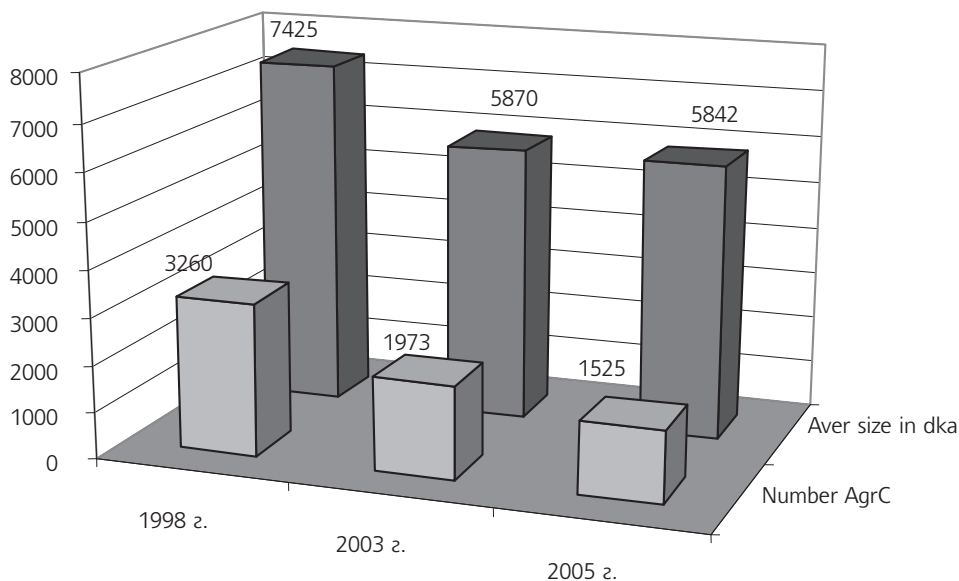


Figure 1. Changes in the number and average size of the used agricultural land by the cooperatives

⁷ Кънчев И. и колеktiv, Интегрирано развитие на селските райони в Хасковска област, УИ "Стопанство".

Animals are bred in 19 % of the agricultural cooperatives which at the same time carry out production of plants as well. The large number of the cooperatives – 260 (13 %) develop cattle breeding, followed by active in sheep breeding (5 %) and active in small farm animals (4,8 %). In the cooperatives are bred only 4,6 % of the cows, 5,1 % of the buffaloes, 1,5 % of the sheep, 1,4 % of the pigs and others.

The changes in the number of the agricultural cooperatives per regions of planning are considerable and with one direction on all regions, which shows that they are not linked

with the productive specialization of the cooperatives. Most significant they are in the traditional rural regions of the North-East, North-West and South-East regions of planning where more than half of the cooperatives ceased their activity.

Least are the changes in the number of cooperatives in the South-West region where the significance of the cooperatives was considerably less during all periods.

On the basis of the made review and assessments of the characteristics and problems of functioning of the agricultural productive cooperatives

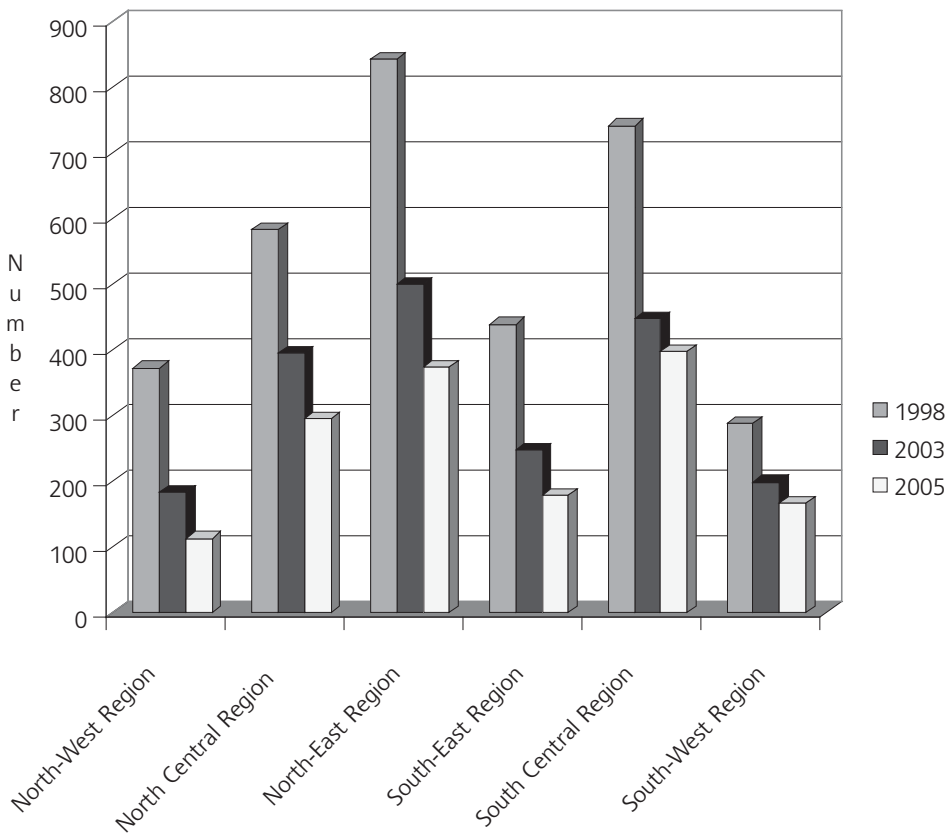


Figure 2. Changes in the number of the agricultural cooperatives per regions of planning (1998 – 2005)

during the period 1992 – 20005 can be drawn the following main conclusions (lessons):

- Agricultural productive cooperatives should not be established without preliminary calculations for combining the productive factors which allow an efficient activity to be carried out;
- The cooperative organizational statute requires one direction of the interest of the cooperative members which is difficult to be found in the Bulgarian cooperatives. This is the reason for taking decisions which presuppose the de-capitalization of the organizations;
- The statutory norms for membership and the distribution mechanisms used in the prevailing part of the Bulgarian agricultural productive cooperatives not only do not comply with the cooperative essence of the organization, but even do not secure its stability in long-term plan.;
- The prevailing part of the agricultural cooperatives are with one type productive specialization which do not creates opportunities for making use of the comparative advantages of the natural and climatic conditions. Moreover, are not used the inherent for the agricultural productive process opportunities for creating additional social and ecological positive effects on regional level.
- The negative results from the development of the agricultural productive cooperatives demotivate the agricultural producers being now in the European Union to organize and become members of organizations of producers.

Potential decisions and suggestions

The successful development of the agricultural cooperatives on Bulgaria is directly related with overcoming the existing interests with different direction of the cooperative members. In the theory and in the practice are known two main approaches: the inclusion in the cooperatives only and alone

individuals with similar interests or through the choice of an organizational statute which takes into consideration the differences between the members.

The first choice presupposes keeping the cooperative statute, but placing requirements in the cooperative statutes regarding the membership conditions, and the second – swap of the cooperative with another form of partnership.

The development of the cooperative statute is possible in the following directions:

- Agricultural productive cooperative with an obligatory labor participation of their members.

This variant presupposes the now existing cooperative to pay to their members without labor participation the value of their allotment capital and to change the statutory norms regarding membership conditions. The relations with the land owners will be settled on rent or leased basis and in the cooperative voluntarily will participate individuals with similar interests and motives. As a result will increase the interest of the cooperative members in its economic strengthening and development and can be implement mechanisms and schemes for income distribution which take into account to a greater extent the peculiarities of this organizational form.

- Agricultural productive cooperative with limited relative share of non-working in it members or differentiation of their rights in the management of the cooperative.

When it is not possible or there is not desire to apply the former variant it is possible to differentiate the conditions for participation in the cooperative management for the members depending on the way they participate in the cooperative activity. Thus, the existing

discrepancies between the groups with different interest will not be overcome, but it will be possible to be created preconditions for priority solving of the problems securing the future development of the cooperative. Potential decisions in this direction are:

- limitation of the relative share of the members participating in the cooperative only with land and capital up to 49 %;
 - limitation of the scope of managerial decisions in which participate the members with only land and capital;
 - Differentiation of the right to vote in the General Assembly depending on the way of participation in the cooperative. For instance the participation with labor, land and capital could have two votes, and those who do not work – one vote and etc.
- Agricultural productive cooperative with members only land owners and hired labor and own or hired management.

The Statute of such cooperatives envisages norms regulating the relations between the collective managerial bodies with members – land-owners and the hired manager and working personnel.

- Elemental productive cooperatives.

The land owners can unite between themselves with the aim to form elemental productive cooperatives with kept private family farms and collectively use of part of the land on which will be carried out collective production or the land could be kept in the initial boundaries and could be used collectively the other productive factors. This form of partnership can find a concrete expression in the common production of a separate type of production or a way for collective land cultivation.

The partnerships for common production will not carry out a complete reproduction process.

Their object of activity is a common production of production intended for internal use by the family farms of the cooperative members. These organizations will cultivate only part of the land of their members or will be organized on leased land. Most often they will produce fodder, seeds, sibilings, breeding animals and others.

The partnerships for collective cultivation of the land will be productive farmer partnerships which use collectively the productive factors and keep the land in its real boundaries. This organizational form is most appropriate to be used between close relatives or entrepreneurs with similar motivation who desire to use the advantages of the collective land cultivation.

The statutory fund of the partnership will be formed by initial fees of the members and by the funds from the own money income of the cooperative. The members of such partnerships will receive the results from the realization of the production of their own land after paying the taxes and the defined by the General Assembly amount for the internal cooperative funds proportionately to the labor participation or the provided for common use amount of land.

Despite the preferred changes in the cooperative statute the Bulgarian agricultural productive cooperative will continue to diversify its activity, broadening the scope of the offered services to its members and the rest of inhabitants of the region. Gradually the cooperative will increase its contacts and will coordinate its activity with activity of the family farms of its members.

Many of the discrepancies between the different groups of cooperative members could be solved via transforming the cooperative in limited liability company. For this purpose is necessary the principal capital to be divided in stakes and to be divided per partners on the basis of the stake participation.

Are possible variant for transformation of the cooperatives in cooperative-joint-stock partnership in which the share of the cooperative is 51 %, and the rest of the stake capital is divided in shares. This way external capital could be attracted.

After our acceptance in the European Union possibility for the development of the agricultural productive cooperatives become the transformation of their object of activity in terms of broadening their servicing functions. Securing input resources for the family farms of their members and for the rest of the inhabitants of the villages and via selling their production, the agricultural cooperatives will contribute for the increase of the incomes of the rural households. Besides this these cooperatives is possible to provide consultant services and market information to their members and to execute the functions as producers organizations via which will be carried out the distribution of European Union subsidies.

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