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A system of shared values between the cooperative model and the sustainable development goals

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Abstract: Since the introduction of the Sustainable Development Goals (SDGs) by the United Nations, sustainability policies have become a fundamental pillar in the global socio-economic dialogue. The cooperative model differs from conventional corporate structures by placing the realization of social causes and people's needs at the center of its activities, instead of maximizing profit.

The purpose of the study is to identify the potential of cooperative structures under current conditions and to analyze their role as leading actors in the sustainable development strategy for achieving the SDGs. Official data from Ciela Info for the period 2005 – 2022 were used. The geographical scope is national, including 23 districts, with a focus on rural and small urban areas, where cooperatives are most widespread. Different types of cooperatives were randomly selected.

The analysis shows that cooperative organizations have significant potential to contribute to sustainable development at the national and local levels. Their value-driven nature, democratic governance and long-term commitment to communities establish them as key factors in the transition to inclusive development models. They play an important role in economic stability, especially in rural areas, by providing employment and supporting small producers.

Comprehensive reforms, modernization of legislation and better coordination between institutions are needed to fully realise this model. The cooperative model should be seen as a structural element in future sustainable development strategies, and not simply as a complementary tool. They are not only a business model, but also a social organization based on solidarity and shared responsibility.

Keywords: sustainable development goals (SDGs); cooperatives; cooperative structures; cooperative strategy; cooperative model

Споделена ценностна система между кооперативния модел и целите за устойчиво развитие

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Резюме: След въвеждането на Целите за устойчиво развитие (ЦУР) от ООН, политиките за устойчивост се утвърдиха като основополагащ стълб в световния социално-икономически диалог. Кооперативният

модел се отличава от конвенционалните корпоративни структури, като поставя реализирането на социални каузи и нуждите на хората в центъра на своята дейност, вместо максимизирането на печалбата. Целта на разработката е да се установи потенциалът на кооперативните структури при настоящите условия и да се анализира тяхната роля като водещи участници в стратегията за устойчивото развитие за постигане на ЦУР. Използвани са официални данни от Сиела Инфо за периода 2005 – 2022 г. Географският обхват е национален, с включване на 23 области, като фокусът е върху селските и малките градски райони, където кооперациите са най-разпространени. На случаен принцип са избрани различни видове кооперации.

Анализът показва, че кооперативните организации притежават значителен потенциал за принос към устойчивото развитие на национално и местно ниво. Тяхната ценностноориентирана природа, демократично управление и дългосрочен ангажимент към общностите ги утвърждават като ключови фактори в прехода към приобщаващи модели на развитие. Те играят важна роля за икономическата стабилност, особено в селските райони, като осигуряват заетост и подкрепят малките производители. За пълноценното реализиране на този модел са необходими цялостни реформи, модернизирани на законодателството и по-добра координация между институциите. Кооперативният модел следва да се разглежда като структурен елемент в бъдещите стратегии за устойчиво развитие, а не просто като допълващ инструмент. Те са не само бизнес модел, но и социална организация, базирана на солидарност и споделена отговорност.

Ключови думи: цели за устойчиво развитие; кооперации; кооперативни структури; кооперативна стратегия; кооперативен модел

1. INTRODUCTION

In the contemporary socio-economic dialogue, the cooperative model is asserting itself as a sustainable alternative to conventional business structures, as it puts the social cause and community needs before profit maximization. Despite the growing international recognition of the role of cooperatives, including through UN Resolution A/RES/80/182, there is a serious gap in research on the real degree of integration of the Sustainable Development Goals (SDGs) into the activities of Bulgarian cooperatives in the face of contemporary economic challenges. In this context, sustainable development has acquired an increasingly inclusive framework that promotes economic development, social dialogue and the preservation of natural resources. At the same time, leading analysts and practitioners in the cooperative movement have increasingly emphasized the place, role and importance of modern cooperatives and the cooperative model as a sustainable form of cooperation in contrast to conventional business units. This is a particularly relevant challenge in the context of deepening social

contradictions, unfavorable demographic trends, military conflicts and geopolitical confrontations, and accelerated deterioration of the natural environment. Although the integration of the SDGs in the public sector and corporate governance, can be considered a positive sign of progress, recent analyses by international organizations regarding the irrepressibility of climate challenges and social non-dialogue give a tangible sign that the implementation of measures at this stage is not sufficient. This determines the need for more tangible and distinct structural transformations in the way in which sustainable development strategies are set.

The scientific problem is rooted in the contradiction between the significant potential of the cooperative model for sustainable transformations and a number of systemic limitations in the Bulgarian context. Although cooperatives have a value system that naturally corresponds to the SDGs, their strategic behavior is strongly constrained by external and internal factors. A key challenge is the outdated institutional and regulatory environment, in particular the 1999 Law on Cooperatives, which does not reflect modern

market and governance realities. The lack of financial security for innovation and digitalization further hinders the sector's transition to inclusive development models.

Voluntary and open membership in cooperatives is a prerequisite for equality between member-cooperatives, which is in direct synergy with the goals of reducing inequality. The principle of "one member – one vote" is a fundamental distinguishing characteristic of cooperatives compared to conventional structures. In this regard, democratic control by member-cooperators contributes to the establishment of business units.

The aim of this study is to analyze the role of cooperative structures as leading participants in the sustainable development strategy, as well as to clarify and systematize the main instruments, through which they contribute to the achievement of the SDGs. Concurrently, the study aims to assess the potential for cooperative development in Bulgaria within the prevailing economic and institutional context.

To achieve the objective, the following tasks have been formulated:

1. To analyze the contribution of cooperative structures to the implementation of the SDGs at the national level;
2. To assess the role of cooperative structures in the implementation of the SDGs in cooperative strategies;
3. To analyze financial parameters of cooperatives as a factor for socio-economic sustainability in support of the community development strategy;
4. To outline the relationship between the identified problems in the cooperative sector and the SDGs;
5. To identify the main challenges and opportunities facing the cooperative sector in the context of the implementation of the SDGs.

The research thesis is based on the understanding that the development of cooperatives in Bulgaria is determined by the effective cooperation between managers and members, and their potential – by the socio-economic and institutional conditions in which they operate. Economic potential and management capacity are key factors

determining the strategic behavior of cooperatives.

The 1995 Declaration on the Cooperative Identity of the International Cooperative Alliance (ICA) defines a cooperative as "a voluntary association of persons to meet their common economic, social and cultural needs through a jointly owned and democratically controlled enterprise". Birchall (2011) says "Cooperatives place people at the centre of economic activity, and not capital". The power of cooperatives lies in their collective action, which is why J. Raiffeisen said of them "what one cannot do alone, many can do together". According to Ostrom (1990), "cooperative forms of organization demonstrate the ability of communities to manage common resources effectively through self-governance". Hansmann (2000), in his monograph "The Ownership of Enterprise" (1996), expresses the opinion that "cooperatives arise when the costs of ownership by users are lower than the costs of ownership by investors". Hettne and Söderbaum (1999) point out that "cooperatives are an institutional form of collective action that reduces market imperfections and social inequality".

The European Commission's 2021 Social Economy Action Plan assigns cooperatives "a key role in promoting inclusive and sustainable economic growth in rural and agricultural areas".

Cooperatives in Bulgaria have a long history despite historical upheavals. The cooperative movement in the country began at the end of the 19th century, in the context of economic and social transformations that required new forms of cooperation between small farmers and artisans. In this sense, Hadzhiyski (2002) points out that "cooperatives in Bulgaria have not only economic, but also profound cultural and educational significance". In conditions of limited access to credit institutions and an underdeveloped market infrastructure, the creation of consumer and production cooperatives proved vital for the survival and development of Bulgarian communities in the first decades of the twentieth century.

The contribution of this article lies in the application of a three-level analytical framework (global, national and local) for the assessment of

the Bulgarian cooperative sector. The work offers a scientific argumentation for the necessary institutional reforms and legislative updates, that would establish the cooperative model as a structural element in the future strategies for sustainable development of Bulgaria.

2. MATERIAL AND METHODS

To achieve the research objective, a methodological framework was developed, including the following components (Fig. 1):

The subject is the role of cooperative structures as leading actors in the sustainable development strategy and their potential to contribute to the implementation of the UN Sustainable Development Goals (SDGs) at the national and local levels. The study focuses on the Bulgarian cooperative model as a carrier of sustainable transformations in the economy and society.

The study has a national scope, including 23 districts in Bulgaria, with an emphasis on rural and small urban areas, where cooperatives are most strongly represented.

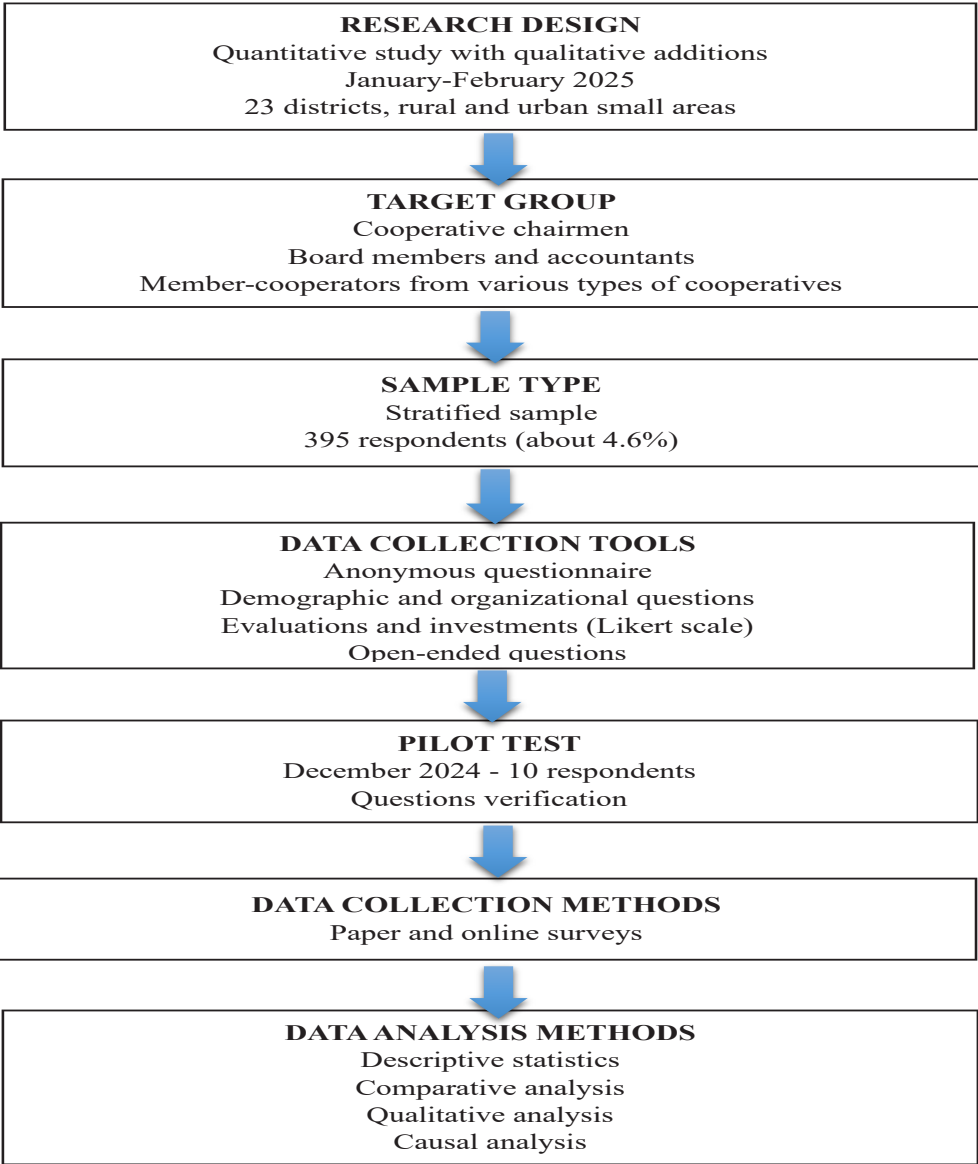


Fig. 1. Methodological framework of the empirical study
Source: Own figure.

The main empirical study was conducted in January – February 2025, using historical data for the period 2005 – 2022 395 respondents were covered, representing about 4.6% of operating cooperatives in the country. The target group includes chairmen (82% of respondents), accountants and members of management boards.

Different types of structures are included: agricultural (50%), consumer (18%), production (13%), all-round (10%), service (5%), credit (3%) and forestry cooperatives (1%).

The study uses a multi-component analysis framework, including:

1. Organizational and demographic characteristics: educational level, age structure and professional experience of the management team.

2. Economic and financial parameters: Size and structure of fixed assets, operating income and expenses, levels of profitability and financial stability.

3. Investment and innovation activity: Degree of modernization of production assets, investments in land and equipment, as well as intentions to implement digital technologies, software and precision agriculture.

4. Strategic orientation: Orientation towards expanding activities, improving qualifications or cooperating with other structures and scientific organizations.

5. Institutional and regulatory environment: Assessment of the Cooperatives Act, tax legislation and the level of support from state and local authorities.

6. Alignment with the SDGs: Degree of alignment of cooperatives' activities with specific UN goals.

The pilot test was conducted in December 2024, with 10 respondents to check the clarity and relevance of the questions.

Methods for collecting empirical data – mainly on paper (by mail or personal meeting), with a limited number of online surveys.

Methods for analyzing the results obtained are as follows: descriptive statistics, comparative analysis by types of cooperatives and regions, qualitative analysis of open-ended questions, cause-and-effect analysis.

3. RESULTS AND DISCUSSION

3.1. Respondents and their role in the cooperative

In the period 2005 – 2022, according to Ciela Norma data, the total number of registered cooperatives in Bulgaria is 9037. They carry out activities in 19 out of a total of 21 economic sectors according to the Classifier of Economic Activities (KID–2008). Their number was the largest in 2005 – 5274, and the smallest in 2021 – 3833, i.e. there was a decrease in their number by 2.4 times. To provide a reliable empirical basis for analysis, a systematic survey was conducted at the beginning of 2025, covering approximately 4.6% of all operating cooperatives in Bulgaria.

The largest share among the respondents who responded were the chairmen of cooperatives – 82%. Chief accountants account for 6%, and members of the management boards and ordinary cooperative members account for 2% of all.

According to the educational qualification, 54% of respondents have higher education, 37% have secondary specialized education, and 9% have secondary general education. This proves the presence of the necessary qualifications for planning and operational activities, but also emphasizes the need for training to implement modern management practices and technologies.

The age structure presents a dominance of older generations: 76% are over 56 years old, with 39% between 56 – 65 years old, 37% over 66 years old. Young people under 35 account for only 1% of respondents.

Work experience is significant: 58% have over 20 years of experience in the cooperative. This demonstrates stability and loyalty, but may limit flexibility and innovation.

The main conclusions from the results obtained are:

- Higher education and professional experience are a guarantee of the stability of the cooperative, but at the same time they hide the risk of conservatism towards innovations.
- Limited participation of young people creates a risk for continuity.

- Centralized power in the hands of the chairmen can limit democratic processes.

In this regard, the main recommendations that should be given are:

- ✓ Attracting more young people through national and regional programs.

- ✓ Training aimed at more modern management and the introduction of modern technologies for all age groups is imperative.

- ✓ It is advisable to delegate powers to implement certain functions to some of the cooperative's units (production, finance, and marketing).

3.2. Characteristics of the studied cooperatives

According to the type of cooperative, the largest share is occupied by agricultural cooperatives – 50%, which is explained by the historical traditions in rural areas and the importance of agriculture for the Bulgarian economy. They are followed by consumer cooperatives with 18%, which provide access to goods and services for their members and support collective consumption. Labor-production cooperatives make up 13%, and their main function is to unite the efforts of workers for joint production and sale of production. All-round cooperatives, which combine several economic activities, represent 10%, while service cooperatives are 5% and focus on providing specific services such as transport, repair or logistics. Credit cooperatives are 3% and play a major role in providing financial support to members, while forestry and logging cooperatives are the least common – 1%, due to their more specific activities and limited material resources.

In terms of the number of members, the cooperatives' structure displayed a clear trend towards medium and large organizations. 42% of cooperatives have between 201 and 300 or more members, which indicates the possibility of mobilizing significant resources and the potential for economic sustainability. While 14% of cooperatives have under 50 members, which is often observed in specialized or newly established cooperatives with a limited scope of action. The smallest, so-called “micro” cooperatives with under 10

members represent 8% of all, and they usually operate at the local level and are distinguished by the high degree of personal participation and close social commitment of the members.

This cooperative structure displayed that although there are different types of cooperatives of various sizes, agricultural and medium-sized cooperatives dominate, combining traditions, economic efficiency and potential for social inclusion. The study conducted among the cooperatives surveyed, displayed a clear distinction in terms of the number of members who are actively engaged in the activities of the cooperative. The largest share, 42%, of cooperatives include from 1 to 5 employed member-cooperators. This analysis indicates that cooperatives have significant potential to contribute to the implementation of the Sustainable Development Goals at global, national and local levels that most of the cooperatives operate with a small staff, mainly of member-cooperators. The explanation is that these cooperatives have limited resources in general or a specific organization of work processes.

The next group includes cooperatives with from 6 to 20 employed member-cooperators, which represent 18% of the surveyed sites. This range suggests a more sustainable and moderately expanded management model, where a larger number of members participate in the work.

Larger cooperatives with from 21 to 50 employed member-cooperators make up only 11% of the surveyed organizations. Obviously, when the number of employees increases, cooperatives have increased organizational and financial requirements for maintaining such personnel, due to larger-scale activity.

Only 2% of cooperatives have over than 50 employed member-cooperators, indicating that larger cooperative structures are extremely rare and likely have specialized management and significant resource potential.

Interestingly, 6% of cooperatives do not have a single employed member-cooperator, meaning that these organizations do not provide employment for their members. This may be related to administrative constraints, lack of financial resources, or a transitional period of the organization.

In summary, the results show that the majority of cooperatives operate with a limited number of active members, while those with more employed members are relatively smaller. This distribution reflects the diversity in size and organizational structure of the cooperative sector.

The results obtained correspond to the conclusions of Johnston Birchall (1997), one of the leading authors in the theory and practice of the cooperative movement, Hans-Hermann Münkner (2015), with a fundamental contribution to the field of cooperative law, and Michael L. Cook (2019), an author with research in the field of agrarian cooperatives, life cycle and management, according to which the majority of cooperatives operate with a limited number of employed member-cooperators due to resource, management and organizational constraints. According to Birchall, the small number of employed member-cooperators is associated with a lack of capital, limited markets and the desire to minimize costs. Münkner (2015) in his research concludes that many cooperatives intentionally remain small in order to maintain democratic control and flexibility. Cook (2019) points out that the lack of employment of member-cooperators may be a signal of a structural crisis or formal existence of the cooperative.

ICA analyses and reports indicate that a significant proportion of cooperatives in Europe are

micro and small organizations, and the employment of member cooperatives is influenced by economic scale and economic sector (International Co-operative Alliance/Cooperatives Europe. Annual Report 2024 – 2025, Cooperatives Europe, Brussels).

3.3. Potential of cooperatives

3.3.1. Long-term assets

The analysis of the size and structure of assets displayed significant differentiation between the studied cooperatives (Fig. 2). The results show that 27.5% of cooperatives have assets in the range of 11 thousand to 200 thousand BGN (5,624 – 102,258 €), which positions them in the group of smaller economic entities with limited resource potential. An almost identical share – 27.4%, manage assets worth between 1.1 and 5 million BGN (562,419 – 2,556,459 €), which indicates the presence of a group of economically larger cooperatives.

A clearly expressed bipolar distribution of assets is observed. On the one hand, there is a group of cooperatives operating with an extremely low value of assets – around 10 thousand BGN, which limits their opportunities for development, investment and modernization. On the other hand, cooperatives with assets exceeding 1 million BGN stand out, which have significantly greater

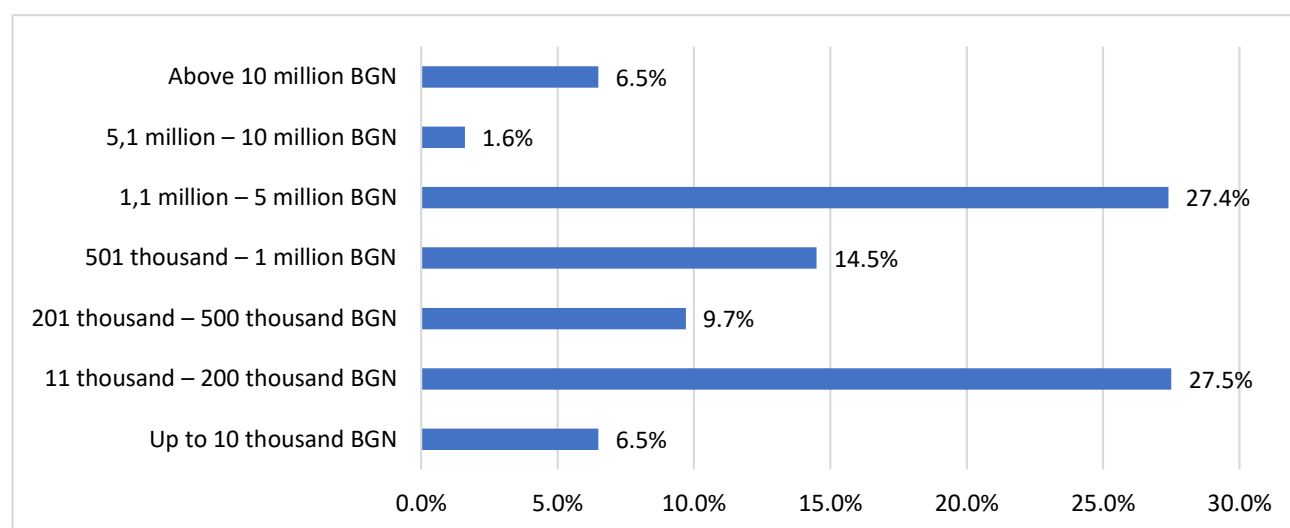


Fig. 2. Value of owned assets of cooperatives

Source: Own research, 2025.

economic capacity, better material security and higher potential for sustainable development. This stratification displayed uneven development in the cooperative sector and different opportunities for economic activity and competitiveness.

3.3.2. Income and expenses

In terms of financial results, 30.5% of cooperatives realize annual income between 51 thousand and 500 thousand BGN (26,076 – 255,646 €), which is typical for small and medium-sized business structures (Fig. 3). At the same time,

27.1% of cooperatives report income over 1.1 million BGN (562,419 €), which once again confirms the existence of a clear distinction between less and more developed cooperatives.

The analysis of expenses showed that in most cooperatives expenses almost completely correspond to realize income, which indicates relatively good financial balance and control over current activities (Fig. 4). However, the small differences between income and expenses lead to limited levels of profit, which limits the possibilities for self-financing, accumulation of reserves and

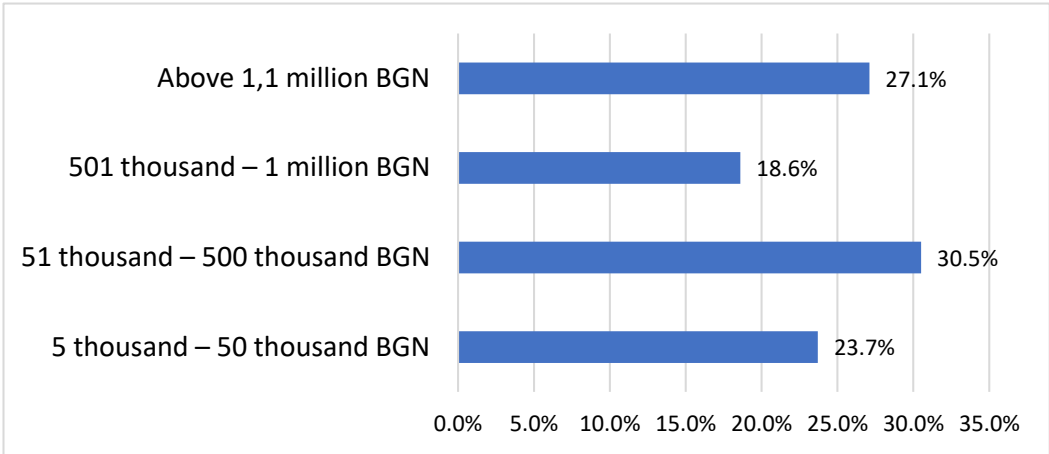


Fig. 3. Operating income, 2024
Source: Own research, 2025.

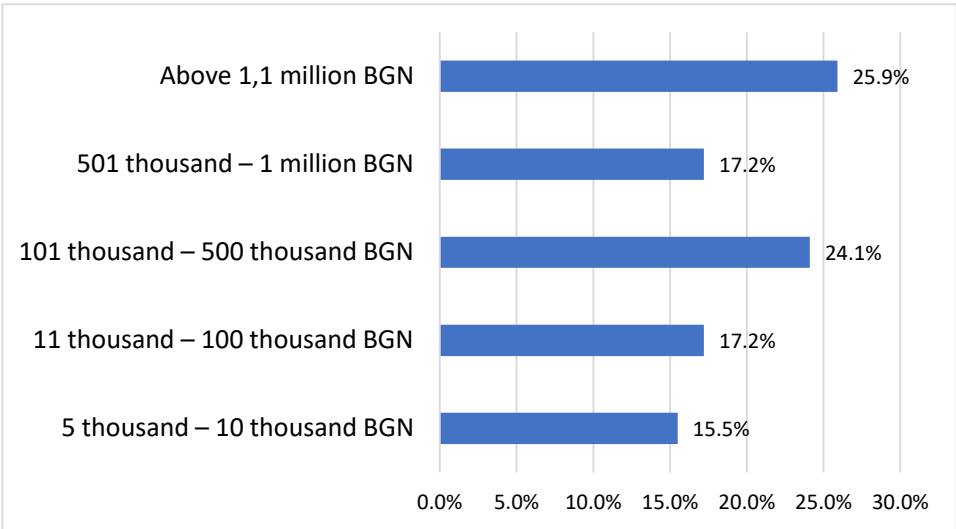


Fig. 4. Operating expenses, 2024
Source: Own research, 2025.

implementation of larger-scale investment initiatives. This places a number of cooperatives in a vulnerable position, especially in conditions of economic instability and market fluctuations.

3.3.3. Investment activity

The investment activity of cooperatives is mainly directed towards material and production assets (Fig. 5). The largest share of cooperatives – 43.5%, have invested in machinery and equipment, which displayed a desire to maintain and renew production capacity. A significant part of cooperatives has also invested in the purchase of land (29%), which is a strategic resource, especially for agricultural cooperatives, as well as in the reconstruction and modernization of existing buildings (27.4%).

Investments in the construction of new production buildings were made by 25.8% of cooperatives, which indicates a moderate, but still present desire to expand their activities. On the other hand, investments in software, digital technologies and computer equipment are extremely limited and cover only 1.6% of cooperatives. This emphasizes the low level of digitalization and technological modernization in the sector.

Particularly indicative is the fact that 17.7% of cooperatives have not made any investments in recent years. This may be due to a shortage of financial resources, an uncertain economic envi-

ronment or a lack of a long-term investment strategy. In the long term, such investment passivity may negatively affect the competitiveness and sustainability of cooperatives.

Main conclusions from the analysis:

- The results of the conducted study show that in terms of the value of the assets owned, about two-thirds of cooperatives can be classified as micro-enterprises, while the remaining one-third fall into the category of small enterprises. According to the annual revenue indicator for 2024, most cooperatives are also characterized as micro-enterprises, which emphasizes their limited financial scale and resource potential.

- The analysis of financial flows displayed that the revenues of cooperatives almost completely cover the costs, which means that their activities are balanced, but the generated profit remains low. This limitation reduces the possibility of accumulating reserves and self-financing future initiatives.

- The available economic potential of a large part of cooperatives does not provide sufficient opportunities for strategic investments, introducing innovations or achieving sustainable growth, which emphasizes the need to improve management practices and attract additional resources to strengthen their competitiveness.

The results of the study show that cooperatives in Bulgaria are a key factor for local eco-

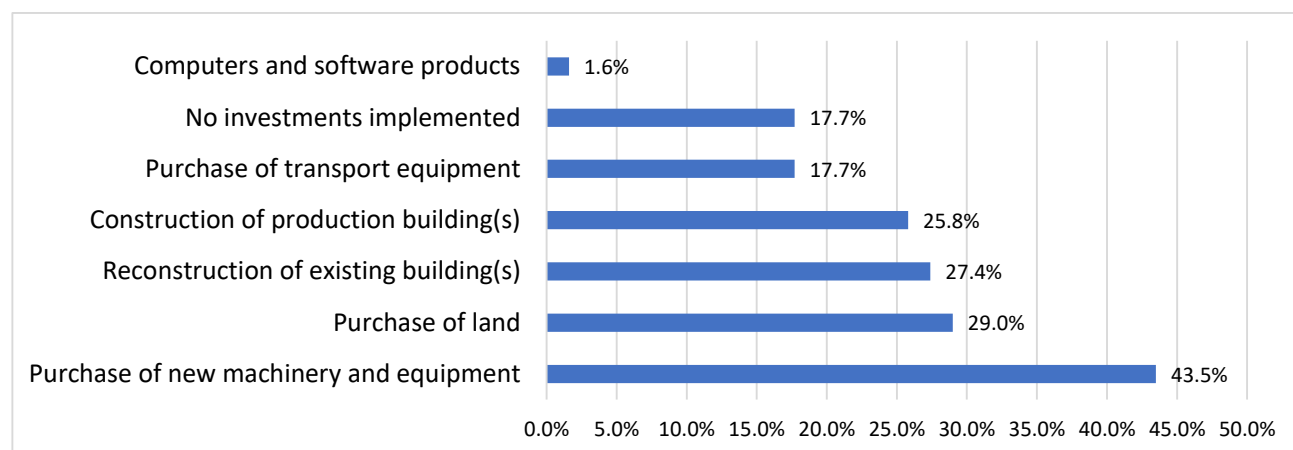


Fig. 5. Investments made in cooperatives over the last 5 years

Source: Own research, 2025.

nomic development, especially in small communities. They have the potential to contribute to the implementation of several SDGs (Table 1 and Figure 6):

Table 1. Relationship between the results of the cooperatives survey and the UN Sustainable Development Goals (SDGs)

Research Component	Result	Interpretation	Relevance to SDGs	Contribution to SDGs
Cooperative assets	27.5% have 11 – 200 thousand BGN, 27.4% have 1.1 – 5 million BGN.	Bipolar stratification by available assets.	SDG 1: Poverty reduction	Cooperatives with larger assets have the capacity to provide stable incomes and assist poor members.
Revenue and expenses	30.5% income 51 – 500 thousand BGN, 27.1% over 1.1 million BGN.	Expenditures almost match revenues, profits are limited.	SDG 8: Decent work and economic growth	Limited profits reduce opportunities for employment expansion and job creation.
Investments in machinery and equipment	43.5% invest in machinery, 29% in land, 27.4% in building reconstruction, 25.8% in new production buildings.	Investment activity is mainly focused on tangible and production assets.	SDG 9: Industrial innovation and infrastructure	Modernization of production assets increases productivity, competitiveness and sustainable development.
Investments in software and computer equipment	1.6% investments; 17.7% without investments.	Low level of digitalization and investment passivity.	SDG 9: Industrial innovation and infrastructure	Lack of digitalization limits innovation and technological modernization.
The role of cooperatives in the community	Small and medium-sized cooperatives strongly embedded in local communities.	Governance can prevent rural population migration.	SDG 11: Sustainable communities and settlements	Promote social inclusion, strengthen local economies and prevent rural depopulation.

Source: Own research, 2025.

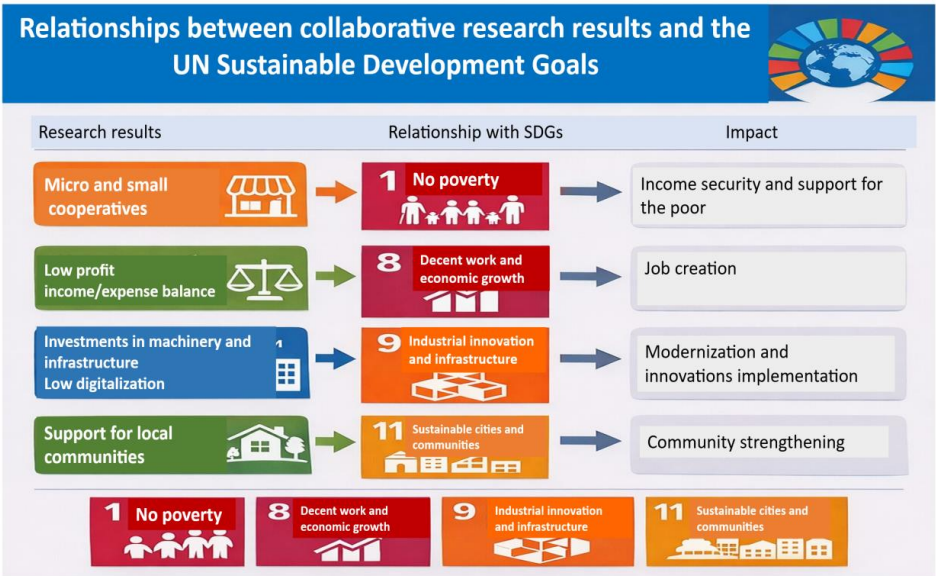


Fig. 6. The role of cooperatives in implementing the UN SDGs
 Source: Own research, 2025.

- SDG 1 – by providing income for members.
- SDG 8 – by creating jobs and stimulating economic activity.
- SDG 9 – by investing in infrastructure and modernizing production.
- SDG 11 – by strengthening the resilience of communities.

At the same time, limited financial resources and low profits highlight the need for additional support and strategic planning for cooperatives to realize their full potential as drivers of sustainable development.

The results presented in Fig. 6 reveal clear differences in the relative shares of cooperatives in terms of their strategic development plans, which indicates the structural and functional heterogeneity of the cooperative sector. Such differentiation is characteristic of cooperatives that operate in conditions of market uncertainty and limited resource potential (Birchall, 2011; Münkner, 2015).

The highest relative shares are associated with strategies aimed at increasing the volume of production and/or services, reported in 56.5% of cooperatives (Fig. 7). In 51.6% of the surveyed organizations, the strategic plans are oriented towards the development of additional activities and services, while 46.8% of cooperatives emphasize the modernization of production technologies. These results show that the majority of cooperatives rely

on internal expansion and technological renewal, instead of radical organizational or market transformations.

Such an orientation is explained by the fact that a significant part of cooperatives operate under similar economic conditions, have limited financial resources and apply more conservative management models aimed at minimizing risk. As Cook (1995) notes, in conditions of limited capital, cooperatives often choose strategies that build on existing activities, instead of taking the risk of innovations with a high degree of uncertainty. This leads to the concentration of strategic decisions around a few relatively similar development models.

The relative shares of 45.2%, reported for two indicators – “increasing the qualification of personnel” and “cooperation with other cooperatives and companies”, testify to the presence of widespread, but not dominant, strategic practices. These results show that almost half of the cooperatives are aware of the importance of human capital and cooperative networks, but the implementation of such strategies remains limited. According to Münkner (2015), this is mainly due to differences in the scale of activity, management capacity and access to external financing, which determine the opportunities for investing in training and partnerships. A lower relative share – 24.2% – is reported for cooperatives that

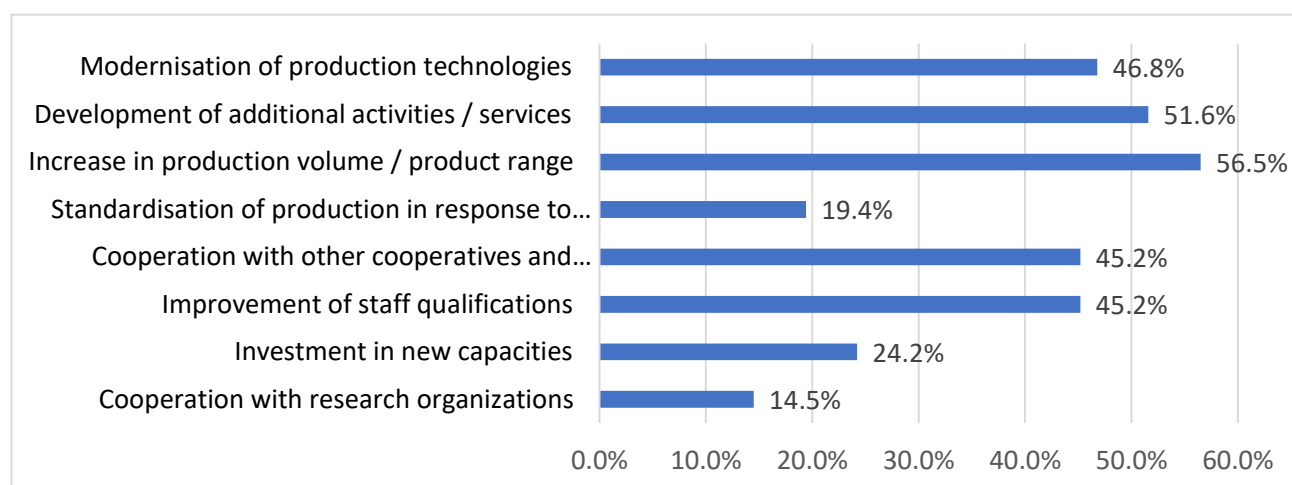


Fig. 7. Strategic orientation for development of the studied cooperatives

Source: Own research, 2025.

plan to invest in new production facilities. This result displayed that such investment strategies are moderately widespread and are characteristic of approximately a quarter of the cooperatives studied. This suggests the presence of a limited number of organizations with sufficient financial and organizational capacity to implement more resource-intensive and long-term investments. Similar conclusions are also contained in the research of Birchall (2011), according to which the investment activity of cooperatives strongly depends on their economic stability and their ability to accumulate internal reserves.

The lowest relative shares – 14.5%, related to “cooperation with scientific organizations”, and 19.4%, related to “standardization of production in response to European requirements”, clearly show that these strategic directions are poorly represented in the cooperative sector. This can be explained both by the limited profit and weak investment capacity of cooperatives, and by the insufficient institutional support for knowledge transfer and innovation. A similar relationship between low profitability and limited participation in research and innovation activities has been reported in a number of empirical studies on agricultural cooperatives in Bulgaria and the

EU (Dimitrov, 2020; ICA, 2021). In summary, the presented results show that the strategic plans of cooperatives are dominated by short- and medium-term oriented solutions aimed at maintaining and gradually expanding existing activities, while more innovative and institutionally bound strategies remain limited. This confirms the thesis that economic potential and management capacity are key factors determining the strategic behavior of cooperatives.

The results of the study of cooperatives’ intentions towards innovation are presented in Fig. 8. The most significant relative share – 35.5% of the surveyed cooperatives express an intention to implement innovations in training to improve the qualifications of staff, and to this is added another 17.7%, which consider online training platforms for cooperative members to be necessary. This displayed that over a third of cooperatives place emphasis on the development of human capital through innovations in training and professional development.

A desire for innovation to develop “precision agriculture” is expressed by 32.3% of cooperatives, which demonstrates interest in the application of modern technologies for the optimization of agricultural processes and increasing production efficiency.

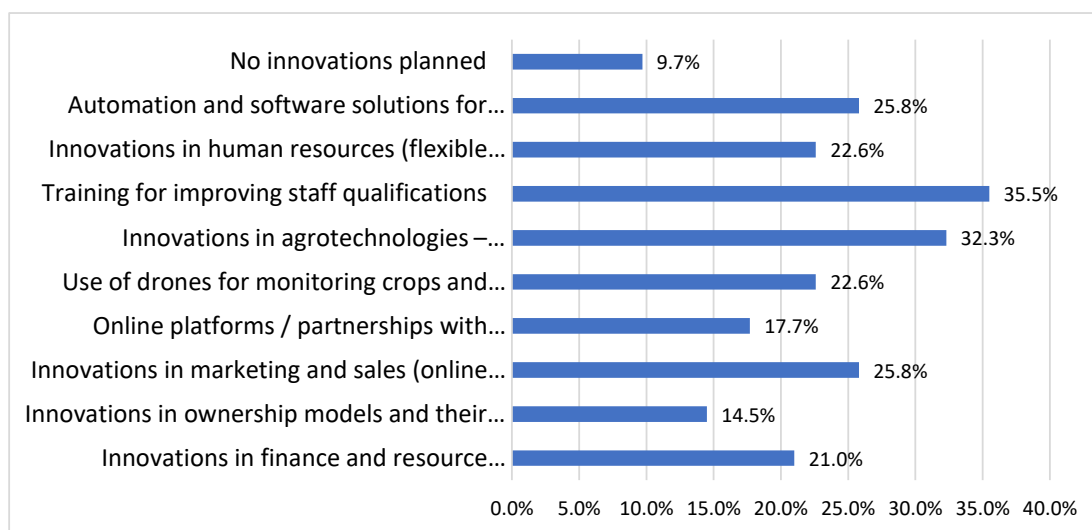


Fig. 8. Intentions of cooperatives towards implementing innovations

Source: Own research, 2025.

The relative shares of 25.8%, reported for two indicators – “innovations in marketing and sales” (including online sales) and “automation and software solutions for resource and production management” – show that just over a quarter of cooperatives focus on the implementation of innovations aimed at production management and sales optimization. This emphasizes the importance of digitalization and modern technologies as a tool for competitiveness.

A similar relative share of 22.6% was recorded for two other indicators – “use of drones for crop and animal monitoring” and “innovations in human resources” (flexible working hours, remote work). These results demonstrate an orientation towards management solutions that streamline production processes and improve working conditions by combining technological and organizational innovations.

The relative share of cooperatives focused on innovations in financial mechanisms and profit distribution is lower – 21%, which can be explained by the fact that financial and management aspects remain less of a priority for most cooperatives.

The lowest relative share – 14.5% – is for cooperatives that plan innovations in ownership

models and their management, which indicates that structural changes and transformations in ownership are still not widely perceived as a priority area for innovation.

The fact that 9.7% of the surveyed cooperatives do not intend to implement innovations is unfavorable, which stresses the need to further stimulate the innovation culture and support modernization in the cooperative sector.

The subjective assessment of the respondents regarding the conditions for the development of cooperatives reveals the presence of significant problems in several key areas that hinder their sustainable functioning and modernization (Fig. 9).

First of all, support from state institutions is assessed as unsatisfactory by 54.3% of respondents. This high relative share indicates a lack of effective mechanisms for institutional assistance, limited access to targeted support programs and insufficient coordination between different levels of public administration. The assessment of the degree of support from local authorities is also negative – 53.1% of respondents express their dissatisfaction with it. Limited access to timely and structured information, as well as insufficient support from local authorities, further deepen the problems, especially at the regional level.

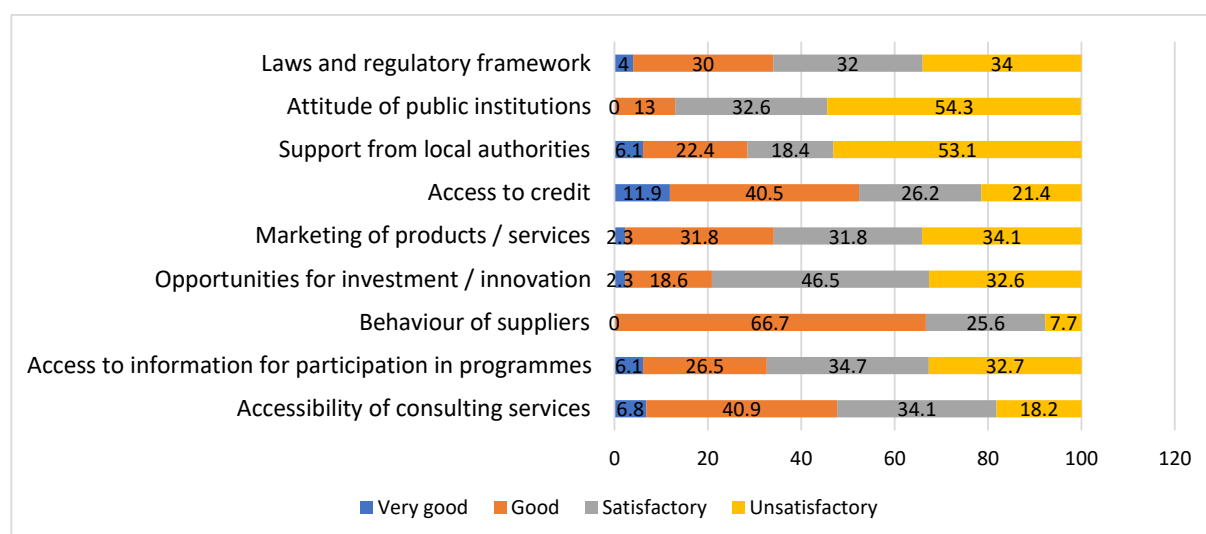


Fig. 9. Respondents' assessment of the conditions for the development of cooperatives

Source: Own research, 2025.

The results of the survey, presented in Fig. 10, complement the picture and clearly show that the legislative and regulatory environment is perceived as one of the main limiting factors for the development of cooperatives.

The highest relative share – 58.1% was recorded for the indicator “The Law on Cooperatives (1999)”, which categorically indicates that the current regulatory framework is perceived as outdated and not adapted to modern economic, market and management conditions. This result emphasizes the need for a comprehensive update of the law in order to promote innovation, more flexible forms of management and better integration of cooperatives into the market economy.

In second place is tax legislation, indicated as a barrier by 40.3% of respondents. The high relative share indicates that tax regimes do not sufficiently take into account the specifics of the cooperative model and create difficulties for capital accumulation, reinvestment of profits and long-term sustainability of cooperatives.

A significant share – 29.0% – is occupied by the indicator “legislation related to sectoral policies”, which indicates that cooperatives have significant potential to contribute to the implementation of the Sustainable Development Goals at global, national and local levels that the regulatory requirements in individual sectors (including agriculture) are often fragmented, com-

plex and insufficiently coordinated. This makes it difficult to implement a unified development strategy and limits the opportunities for innovation and modernization in cooperatives.

Respondents identified tax and sectoral regulation as an additional barrier to development, due to their complexity, inconsistency and limited adaptability to the specifics of the cooperative model.

A relative share of 16.1% was recorded in the legislative provisions for the participation of cooperatives in public procurement, which indicates the presence of administrative and regulatory barriers to their access to public markets. This limits the opportunities for cooperatives to expand their activities and participate more actively in public-private partnerships.

A similar, but slightly lower share – 14.5% is recorded for the inconsistencies of Bulgarian legislation with the European one, which emphasizes the need for better harmonization with the law of the European Union, especially in access to European funding programs.

The relative share is significantly lower for the legislative provisions on crediting – 6.5%, which indicates that although access to funding is a problem, it is perceived as less restrictive compared to the structural and regulatory deficits.

The results of the study clearly show that there is an objective need for comprehensive institutional reforms aimed at:

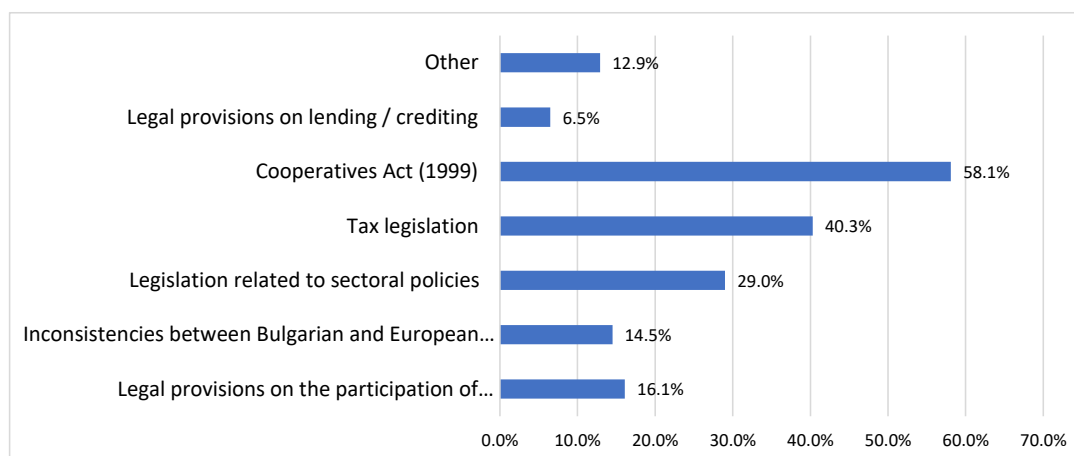


Fig. 10. Respondents' assessment of the legal framework

Source: Own research, 2025.

- updating and modernizing the cooperative legislation;
- harmonization of the national regulatory framework with the European legislation;
- adaptation of sectoral and tax regulations to the specifics of the cooperative sector;
- improving the coordination and capacity of state and local institutions.

These measures are key prerequisites for creating a favorable environment for sustainable development, innovation and increasing the role of cooperatives in the economic and social development of the country. The analysis presented in Table 2 indicate that the majority of the identified problems are institutional and regulatory in nature, and have a direct impact on the ability of cooperatives to contribute to the implementation of SDG 8, SDG 9 and SDG 17. The consistent implementation of the proposed measures can create the necessary prerequisites for sustainable economic growth, increased innovation activity and effective partnerships in the cooperative sector.

The results of the survey show that, according to respondents, cooperatives in Bulgaria rep-

resent a “model of collective economic action based on the principles of joint management, democratic participation and mutual assistance”. They are perceived not only as economic entities, but also as social structures aimed at achieving social justice, equality and balanced distribution of resources, which distinguishes them from conventional forms of economic organization.

Cooperatives play a significant role in supporting small and medium-sized producers by providing them with the opportunity to pool resources, increase their market position and reduce individual economic risks. They contribute to the creation and maintenance of employment, especially in rural and economically less developed areas, thus fulfilling an important socio-economic function. The management of cooperatives is largely carried out by educated and experienced personnel, which creates prerequisites for a more effective functioning of the cooperative sector.

The development of cooperative structures contributes to stimulating sustainable economic growth and creating quality and decent jobs, in line with SDG 8 – “Decent work and econom-

Table 2. Relationship between identified problems in the cooperative sector and the UN Sustainable Development Goals

Identified problem	Manifestation according to the study	Related to SDGs	Necessary measures
Insufficient support from state institutions	54.3% of respondents give an unsatisfactory assessment	SDG 8 – Decent work and economic growth	Develop targeted public policies for cooperatives; facilitate access to support programs; increase administrative capacity.
Outdated legislative framework	58.1% consider the Cooperatives Act (1999) to be unadopted	SDG 9 – Industry, Innovation and Infrastructure	Update of cooperative legislation; incentives for innovation and digitalization; adaptation to modern business models.
Unfavorable tax regulation	Identified as a barrier by a significant portion of respondents – 40.3% respectively	SDG 8 and SDG 9	Optimizing tax regimes; introducing incentives for investment and technological innovation.
Limited access to information	Lack of timely and structured information	SDG 17 – Partnerships for the Goals	Creating information platforms; improving communication between institutions and cooperatives.
Insufficient support from local authorities	Reported as a systemic problem at the regional level	SDG 17	Strengthen the role of local authorities; develop public-private and cooperative partnerships.
Weak institutional coordination	Fragmented policies and lack of an integrated approach	SDG 17	Improve inter-institutional interaction; develop a national strategy for the cooperative sector.

Source: Own research, 2025.

ic growth". The improvement of production and technological processes, as well as the introduction of innovations, strengthen the industrial and infrastructure base of cooperatives, supporting SDG 9 – "Industry, innovation and infrastructure". The creation of sustainable partnerships with various stakeholders strengthens cooperation and knowledge exchange, which is in line with SDG 17 – "Partnerships for the goals". In this way, the cooperative model is established as a promising model for economic development, social sustainability and innovation.

The study also reveals significant limitations to the full realization of the potential of cooperatives. Leading among them is the lack of financial resources for investments and innovations, especially for small and newly established cooperatives, which often encounter difficulties in accessing credit and public financial instruments. This limits the opportunities for technological innovation, digitalization and increasing competitiveness in a dynamic economic environment.

The results of the conducted empirical study clearly outline the socio-economic profile, strategic orientations and institutional constraints facing cooperatives in Bulgaria, while at the same time allowing to assess their potential contribution to the implementation of the UN Sustainable Development Goals (SDGs).

Linkage between economic characteristics of Bulgarian cooperatives and the Sustainable Development Goals

The results of the study show that, despite their limited financial capacity, cooperative structures have a significant role in the implementation of several key SDGs. As summarized in Table 1, their activities are closely linked to:

- SDG 1 (Poverty reduction): by providing income for members and supporting their households, especially in rural and economically vulnerable areas;
- SDG 8 (Decent work and economic growth): by creating and maintaining employment for the population at the local level;

- SDG 9 (Industrialization, innovation and infrastructure): by investing in machinery, equipment and production technologies;

- SDG 11 (Sustainable communities and settlements): by retaining the young working-age population in rural areas.

The investment activity of cooperatives is mainly focused on new machinery and partly on buildings, which supports the goals of the need for modernization of production and increasing productivity. At the same time, investments in software, digital technologies are extremely low, which reveals a serious challenge in terms of digitalization and innovation potential, which has a negative effect on the long-term competitiveness of cooperative structures. Cooperatives are mainly oriented towards internal expansion and gradual technological renewal, instead of organizational changes and entry into new markets. This approach is quite natural considering the desire of member-cooperatives to minimize risk, as verified by the empirical study.

Practice presents that cooperative structures seem to have less strategies of cooperation with scientific organizations, which naturally limits the opportunities for the transfer of scientific research and theoretical and applied knowledge.

According to the results of the study, related to the innovative intentions of cooperatives, they show a moderate, but nevertheless clearly defined focus on the development of social capital. The highest relative share is recorded in innovations in training and staff development, including the use of online platforms. This emphasizes the awareness of the role of knowledge and skills as a factor for sustainable development.

The analysis clearly presents that cooperatives have their tangible contribution to achieving the goals and sub-goals set out in the UN Sustainable Development Goals (SDGs). Naturally, there is evidence that further efforts are needed and the application of acquired skills and experience is needed in terms of the effective implementation of the SDGs, as well as the more successful application of knowledge and the need to discuss the role and place of the cooperative model for

sustainable development. This study successfully presented the diversity of instruments through which cooperative structures actually participate in the implementation of the UN goals.

From the point of view of scientific contribution to practice, the study uses a three-level analytical framework, which includes not only the national and local levels, but also the global one, with a focus on those SDGs that have the highest applicability for cooperatives in Bulgaria. Among them, SDG 1 “Reduce poverty”, SDG 5 “Gender equality”, SDG 8 “Decent work and economic growth”, SDG 12 “Responsible consumption and production” and SDG 2 “Eradicate hunger” stand out. This aspect does not exclude the focus of cooperatives to fulfill other goals, especially SDG 16 “Peace, justice and strong institutions”. It is a known fact that the cooperative model operates with particularly high trust among the local community, social capital and has natural attractive forces for strengthening sustainable relationships between social partners. SDG 17 “Partnerships for the Goals” plays a particularly important role in understanding cooperation as a fundamental mechanism for sustainable development. Cooperation between cooperatives is accepted as a fundamental principle in cooperative theory. It is the basis for creating and developing sustainable systems and for increasing the impact of cooperative structures as a systemic participant in the implementation of the SDGs. At the same time, interaction and networks with external stakeholders, most often: NGOs, LAGs and even the LEADER approach, promote a better representation of the needs of local communities and for shaping a working market and institutional environment for operating business-oriented models with a focus on people.

By applying appropriate tools and mechanisms, the role of cooperative enterprises is greatly enhanced in its diversity of activities, especially at the global and regional levels. They support the development and implementation of European directives and global policies in symbiosis with good practices in the field of cooperative work, through which the strategic goals

of sustainable development are adapted at the national and local levels.

The analysis of data from large cooperative structures in terms of financial assets and economic indicators at the national level indicates an increasing contribution to sustainability through the prism of socio-economic development. Naturally, these encouraging results have beneficial effects for member-cooperatives, on the one hand, and for rural areas, on the other, while at the same time highlighting the potential for adapting and implementing successful practices and cooperative business models. National cooperative structures play an important role and intermediary between public institutions and local cooperatives when it comes to the implementation of sectoral policies and programs for sustainable development.

At the local level, cooperatives are increasingly establishing themselves as an important driver of sustainable development, especially in rural areas and in territories with limited economic opportunities. By providing employment, generating income and sustaining economic activity at the local level, they contribute significantly to progress under SDG 1, SDG 8 and SDG 11 “Sustainable cities and communities”. In this context, the importance of local cooperatives is not limited to their economic function – they also perform a social role related to preserving territorial connectivity and limiting demographic outflow.

The nature of the cooperative model creates the prerequisites for cooperative organizations to act as an intermediary between different levels of governance. Democratic decision-making mechanisms, the principles of mutual assistance and solidarity, as well as the active participation of members in economic processes, facilitate interaction within the framework of multi-level governance. These features are in line with the understanding of sustainable development and the concept of the “triple bottom line”, in which economic, social and environmental aspects are considered interrelated.

Despite the available potential, the empirical results of the study show that additional and bet-

ter focused efforts are needed. Local cooperatives should seek more institutional support and opportunities for knowledge exchange and good practices at regional and national levels. In parallel, national and larger cooperative structures need to integrate the Sustainable Development Goals more clearly and consistently into their strategic and operational documents. At the level of cooperative apex organizations, the leading task remains to promote the establishment and strengthening of cooperatives as a sustainable mechanism for economic and social self-organization. However, expectations for an appropriate climate for the creation of a favorable institutional environment for cooperatives, including the adaptation of the regulatory framework, have not yet yielded results. Attempts to improve institutional support prove to be quite a complex challenge for policymakers to enhance the social impact of cooperative structures towards the implementation of the SDGs. In these ongoing processes of interaction between stakeholders, cooperative work asserts its leading role as a force of attraction in society, based on values, democratic participation and long-term sustainability.

The analysis of the results sheds light on the role and place of cooperative structures in Bulgaria. They operate in an institutional environment characterized by numerous institutional constraints. In this way, they have a direct impact on the ability of cooperatives to fulfill their economic and social role in society and to achieve the UN Sustainable Development Goals (SDGs). The identified problems do not indicate isolated phenomena, but a trend with interconnected challenges arising from the institutional environment and public policies.

One of the main challenges is the insufficient support from the institutional level. The very fact that over 54% of respondents show an unsatisfactory final assessment in this regard is a reason for identifying insufficient public policy and misunderstanding among policymakers regarding cooperative work. This process is directly related to SDG 8 – Decent Work and Economic Growth.

This is known from point of view the fact that cooperative structures have a direct commitment

to social protection, especially for people in disadvantaged and vulnerable situations in society and in less developed rural areas. At the same time, insufficient measures and policy instruments for support limit the possibilities of cooperatives to expand their activities and create sustainable jobs.

The outdated legislative framework stands out as a particularly serious problem. A significant part of the respondents defines the Law on Cooperatives as inadequate to modern economic realities. For more than two decades, policymakers have been making unsuccessful attempts to formalize this process. Over the years, working groups of lawyers, researchers, practitioners and cooperative activists have been formed, which proposed options for a new cooperative law that would cover all cooperatives with their specificities. Options were even proposed for dividing the law according to the typology of cooperative activity. Despite the great desire, the political space to submit all these proposals for discussion in the National Assembly never opened. For some policymakers, the word “cooperative” is still associated with the past and the TCZS. This calls into question the ability of the current regulatory framework to promote innovation, the implementation of modern management practices and the fuller inclusion of cooperatives in a dynamic market environment. In this aspect, the problem is directly related to SDG 9 – “Industry, Innovation and Infrastructure”, as the existing legislative restrictions hinder both the processes of digitalization and the development of more flexible and competitive cooperative models. In addition, unfavorable tax regulation emerges as an additional factor that undermines the economic sustainability of cooperatives. The survey data show that 40.3% of respondents perceive it as a significant obstacle to development. The lack of targeted tax incentives for investments and for reinvestment of the realized profit makes it difficult to renew the material base and introduce new technologies. This affects both the goals related to economic growth and employment (SDG 8) and those aimed at innovation and modernization (SDG 9).

A serious challenge is also the limited access to information, which manifests itself mainly in the form of insufficient awareness of funding opportunities, regulatory changes and potential partnerships. This information deficit makes it difficult for cooperatives to participate in national and European initiatives and limits their visibility as active economic entities. In this context, the connection with SDG 17 – “Partnerships for the Goals” is clearly outlined, since effective cooperation between institutions and the cooperative sector presupposes the presence of a transparent and accessible information environment.

Support from local authorities is also assessed as insufficient, especially at the regional level. The limited commitment of municipal administrations reduces the opportunities for the development of local cooperative initiatives and for the implementation of integrated projects with an economic and social focus. This further highlights the importance of SDG 17 as a framework for building sustainable partnerships between the public sector, cooperatives and other stakeholders. In summary, it can be concluded that weak institutional coordination and a fragmented approach to the governance of the cooperative sector exacerbate all other identified problems. The lack of a comprehensive vision and a coherent strategic framework hinders the effective use of the potential of cooperatives as a tool for sustainable economic and social development. In this sense, the development of a national strategy for the cooperative sector, aligned with the priorities of the Sustainable Development Goals, can be seen as a key prerequisite for overcoming existing structural imbalances.

CONCLUSIONS

The study proposes a three-level analytical framework (global, national and local levels), through which it is proven that the cooperative model in Bulgaria is not just a legacy of the past, but a structural element for future sustainable development strategies. The development builds on the existing literature by providing up-to-date

empirical data from 2025, revealing a bipolar stratification of the sector - a division between small structures with limited influence and economically stable organizations with a capacity for significant social impact. The study fills the gap in the literature regarding the specific commitment of Bulgarian cooperatives to specific UN goals, identifying the highest potential for contribution to SDGs 1, 8, 9, 11 and 17.

The main scientific conclusions that can be summarized are: First of all: Digital deficit: A critically low level of investment in software and digital technologies is revealed (only 1.6%), which is a major barrier to innovation, despite the presence of a highly educated management team. Next: Management conservatism: A link is established between the aging demographic structure of the management (76% over 56 years old) and the preference for internal expansion and minimal risk strategies over radical innovations. Third: Institutional isolation: The data prove a systematic lack of coordination between cooperatives and scientific organizations, which limits the transfer of knowledge.

The study argues for the need for the following strategic changes:

1. Legislative reform: Urgent update of the Cooperatives Act of 1999, which is perceived by over 58% of practitioners as inadequate to modern market conditions.

2. Targeted state policy: Development of a national strategy, including tax breaks for reinvesting profits and financial incentives for the implementation of precision agriculture and automation.

3. Support for continuity: Creation of regional programs to attract young personnel to the sector in order to overcome the risk of disruption of activity due to the aging of the membership.

4. Capacity building: Investments in innovative forms of training and digital platforms for improving qualifications, which was identified as a priority intention by 35.5% of respondents. In conclusion, the Bulgarian cooperative model has the potential to be a leading participant in the socio-economic transformation of the country, provided that a favorable institutional environ-

ment is ensured and the process of technological modernization is accelerated.

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