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## COMPARATIVE ANALYSIS OF COOPERATIVE AND CORPORATE BUSINESS MODELS IN BULGARIAN AGRICULTURE

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### ABSTRACT

Cooperative is a form of cooperation and mutual assistance to achieve a common goal. Through the cooperative model, prosperous cooperation in economic activity is achieved with real economic benefit. The collective management of the factors of production under market conditions is most often a manifestation of some of the following postulates, that when the individual size of the factors are highly limited and the possibilities for their increase are not profitable, the need for association is manifested. According to F. Raiffeisen's maxim, which states that "when one can't achieve something alone, everyone can do it together", referring to the cooperation of their efforts. In addition, when the production factors owned by the individual owners have technological qualities that allow them, when combined, to perform the relevant work more efficiently and optimally, the LLC as a legal organizational form is suitable in agricultural activity, when there is ownership of property and land fund, which can hardly be differentiated. In order to fairly organize the relations and overcome the contradictions between the owners, the fragmentation of the land, it is necessary to apply this structural form of the enterprise. The effectiveness of this form of enterprise is also expressed in economic cases of lack of financial capital for its investment in expensive equipment and facilities that are beyond the capabilities of an individual individual. In this regard, the partners in the LLC can be not only natural persons, but also legal entities.

**Key words:** cooperative, LLC - limited liability company, economic activity, factor of production

### INTRODUCTION

The main principle, observed by all private enterprises is related to gain optimization. Easily said, however, the question is how to achieve it in practice under the conditions of changing external and internal work environments. Reaching optimal profit is linked to increasing risk (investment, market, etc.) in the situation where for realizing the correct flow of the production process, multiple planning calculations are needed and enterprises must carefully follow and analyze the necessary production costs. On the other hand, the ready production must be marketed at the highest possible price. Under the influence of national and international production of agricultural output, each agrarian company needs to optimize its crop rotation. Thus, it will be able to achieve gain optimization with limited resources: land and capital (short-term).

The aim of the present study is to make a comparative analysis between the limited liability company (LLC) and the agricultural production cooperative, and to find the positive and negative sides in the development of the two business models in Bulgarian agriculture.

In order to fulfill this aim, several main tasks are tackled: to analyze the theoretical grounds for the inherent character of the cooperative and the limited liability company; to compare their similarities and differences; to reveal the main problems, which these two business models face in Bulgarian agriculture and to come up with solutions for their future development.

### METHODS

The analysis is performed on the basis of empirical information for the studied business models. Revenues and costs, and the gain for the last three years (2020, 2021, 2022) are analyzed. The main applied methods are: comparative analysis, monograph method, in-depth empirical studies, expert assessment, etc.

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The object of the study is a limited liability company, hereby called “X” LLC and an agricultural cooperative: “Y” AC from the central region of the Thracian valley, as the two companies produce grain as their main economic activity.

## **THEORETICAL GROUNDS REVEALING THE INHERENT SPECIFICS OF THE TWO BUSINESS MODELS**

### **Cooperative business model**

The cooperative is a form of collaboration and mutual assistance which through conducted shared activity guarantees the achievement of a common goal. The aim of the cooperative, in contrast to the other company forms is not profit, but satisfaction of the needs of its members. The economic activity, which the cooperative firm realizes is entirely in the direction of assisting and facilitating people, who are not only its members, but also its participants.

The American professor Paul Castleman defines it as “economic system with social content”(1). The cooperative model guarantees collaboration in the economic activity with real social and economic advantages for its members. The collective maintenance of the production factors under market conditions most often relate to the following principle: when the individual size of the factors is seriously limited and the possibilities for its increase are not advantageous, the need for cooperation arises. In this aspect the famous quote of F. Raiffeisen argues that “when a man cannot achieve something on his own, then people altogether can”.

Despite the variety of cooperative types—consumer, production, credit, etc. – they are all subjected to the same principles. They have undergone changes since their emergence to the present day, but express their inherent traits, namely: 1) unlimited opportunity for everyone to become a member; 2) democratic principle in implementing management, where each cooperator has the right to one vote in making managerial decisions, regardless of the size of his share; 3) members of the cooperative participate in the creation of the common property of the enterprise; 4) autonomy and independence in realizing the economic activity. The cooperative is an independent organization which may conclude cooperation agreements with other enterprises and institutions, only when the General Assembly

has made this decision; 5) the right to education and awareness of its members. This is a principle, which is not intrinsic to trade companies, and has a marked social character to increase the qualities and skills of employed persons; 6) the cooperation assists its members in the building and development of regional, local, national and international inter-cooperative forms of activity which may lead to further satisfaction of their needs; 7) performance of its activity in such a way that it will not contradict the interests of the participants. These principles prove the social character and the its role for addressing human needs, which is uncommon to any trade company or a sole proprietor company.

According to the last Cooperatives Act in Bulgaria, the cooperative is a voluntary association of physical persons with shifting capital and number of members, who through mutual assistance and collaboration realize commercial activity. This definition confirms the associative character and voluntary way of establishing cooperatives.

There are certain similarities between the cooperative and the trade companies. The participation of a part of its members with personal labour when realizing the production activity, as well as the lack of requirement for minimal capital size brings the cooperative closer to the personal ownership companies in respect to its inherent character. However, the fact that regardless of the size of the share installments each member has the right to only one vote in the General Assembly, is a notably contrastive trait (2).

The choice of cooperatives as a legal form of organization of the agricultural activity depends on the comparative advantages, which they have to the other legal forms. These advantages arise from the opportunity to preserve private property over the production factors, to simultaneously offer social protection to its members, and build a large, modern production subsystem. In this sense, Mollov underscores that cooperatives in agrarian production allow the combination of the advantages of large-scale farming in its various spheres with the advantages of family farming (3), which is characterized by material interest and motivation.

When revealing the advantages, mainly of the production type of cooperatives, most

contemporary authors point out as its major advantage the consolidation of the production subsystem of the enterprise and the application of modern production technology. The consumers, provision, credit and other types of cooperatives mostly found in the countries with developed market economy assist their members in the supply with raw and other materials, provide technical and credit services, perform marketing and advertising activity, buy, process and distribute production.

The cooperatives allow the modern person to realize their main values – free time and labour according to societal norms. Then, when the agricultural producer is seen as a socialized, and not as an isolated person, subdued to modern values, the social advantages of cooperatives may be highlighted, among which is the “sense of security and mutual assistance” (4).

Concurrently, a disadvantage of the cooperatives is the more limited possibilities for collecting capital, compared to corporate companies, which leads to their lower investment activity (6). The reason for this is not only that they cannot emit bonds, but also the character of its members and their lower motivation. The increase of the capital occurs mainly through admitting new members to the cooperative or through additional and assigned revenues. Sums for paying dividends are allocated for the incoming share capital from the annual profit of the cooperative. Thus, the interests of the cooperative members and the enterprise from the viewpoint of its economic objectives cannot intersect. The cooperators in most cases prefer to increase the size of the revenue for consumption, not the investment funds. Each of them prefers to receive larger rent, more dividends or salary, than to leave part of or the entire profit to extending and renovating the equipment of the cooperative.

In summary, the cooperative as a form of enterprise, widely spread in Bulgarian agriculture, stands out with its social functions, which are not typical for capital companies, including limited liability companies. This is a disadvantage which hinders the development of cooperatives with smaller capabilities compared to LLC/ corporate companies to acquire capital and investment.

**Limited liability company – a typical corporate business model**

One of the most essential advantages of this legal form which contrasts it from the family company, or personal companies, is the limited liability of its associates for their obligations to creditors and other financial institutions only up to the size of company shares. The associates take up a lower entrepreneurial and capital risk and their personal properties are protected in the event of credit debt and insolvency of the enterprise.

The rights and responsibilities are better balanced in the LLC, compared to cooperatives. They adopt the principle “whoever invests more funds will get the higher share of the profit, carry greater risk, and have more rights in decision-making” (6).

In LLC there is better clarity in the ownership relations between members (7). This is a result of the solidly settled share size in the company agreement, the way of distributing the acquired profit and loss. During decision-making, each associate has the right to as many votes as the size of their own capital in the company. As a consequence of this principle of making managerial decisions, the motivation of the members is enhanced and they exert efforts to contribute to the prosperity of the company. The interests of the members coincide with the goals of the company, and all strive to optimize the profit of the company and gain higher dividends.

This form of association allows smaller members to acquire consolidated capital over a shorter period of time through which to realize bigger and more efficient economic activity, as a result of well-developed production subsystem of the enterprise and the related higher productive techniques. On the other hand, the associates have the advantage to buy new shares, which enhances their loyalty to the company and their investment activity.

The advantage of LLC is the relatively lighter procedure of establishment, compared to the joint stock company (JSC), and a wide range of the number of members – from two to unlimited. Moreover, physical persons may become members as family enterprises or sole proprietors, as well as legal entities – cooperatives, personal companies, banks, etc.

A serious disadvantage of LLC is that the shares of its members are not bonds and in contrast to the shares in JSC, they are not for sale.

Concurrently, it is possible to include in the establishment agreement of the company a ban on transferring shares, or so-called “vinculation of the company shares”(8). The admission or resignation of the members happens only by decision of the General Assembly of the company with a majority of two-thirds. Therefore, the procedure for admission or resignation of a member is more complicated than the JSC. That is why for larger owners the more preferred form of investing capital is stocks, which turn into liquid means faster and without obstacles.

The establishment and registration, as well as the implementation of changes in the company is related to certain legal fees. According to us, this fact limits the spread of this company form in the Bulgarian agriculture, compared to cooperatives, which take advantage of some financial benefits.

Based on the abovementioned advantages and disadvantages of this form, we may draw the conclusion that it is suitable for application in agriculture, especially in cases when there is property, such as land, estates, etc., which can hardly be separated. In such cases, it is possible to build a limited liability company in order to fairly settle the relationships between the owners and avoid the sectioning of the land. The

establishment of this form is suitable also when there is insufficient capital for implementation of innovations.

## RESULTS

Empirical results, which highlight some major issues in the development of the two business models in Bulgarian agriculture

“X” LLC produces grain-wheat and oilseed crops. The buildings, machinery and equipment of the company are situated in the village of Bogdanovo, Nova Zagora municipality, Sliven region. The company farms 10 000 decares of agricultural land, as 6 000 of them are owned by it. “X” LLC owns the necessary number of machinery and equipment for the quality and environmentally sound farming of the land, operated by the highly qualified staff of the company. The company grows wheat, barley, rapeseed, and sunflower.

Cooperative “Y” produces grain-wheat and oilseed crops. Its headquarters are situated in Nova Zagora municipality, Sliven region. The cooperative farms 9 500 decares of agricultural land. Cooperative “Y” has lower technology machinery and equipment for farming its lands. They grow wheat, barley, rapeseed, and sunflower.

### Costs

**Table 1.** Production costs of “X” LLC

Production costs of “X” LLC						
	2022	2021	2020	2022	2021	2020
Crops	Costs per 1 decare			Total costs by crops		
barley	180,00 BGN	112,52 BGN	79,32 BGN	45 000,00 BGN	16 878,00 BGN	17 450,40 BGN
wheat	291,26 BGN	122,15 BGN	90,22 BGN	1 500 000,00 BGN	527 688,00 BGN	408 696,60 BGN
rapeseed	208,79 BGN	165,00 BGN	109,54 BGN	380 000,00 BGN	339 900,00 BGN	204 839,80 BGN
sunflower	167,18 BGN	113,14 BGN	75,20 BGN	380 000,00 BGN	319 846,78 BGN	154 009,60 BGN
Total	-	-	-	2 305 000,00 BGN	1 204 312,78 BGN	784 996,40 BGN

### Numerical expression of costs by crops (aggregated costs)

**Table 2.** Production costs of Cooperative “Y”

Production costs of Cooperative “Y”						
	2022	2021	2020	2022	2021	2020
Crops	Costs per 1 decare			Total costs by crops		
barley	198,00 BGN	132,20 BGN	86,35 BGN	65 340,00 BGN	66 100,00 BGN	18 997,00 BGN
wheat	310,00 BGN	120,15 BGN	98,38 BGN	1 333 000,00 BGN	600 750,00 BGN	445 661,40 BGN
rapeseed	227,35 BGN	183,00 BGN	119,82 BGN	636 580,00 BGN	484 950,00 BGN	383 424,00 BGN
sunflower	164,30 BGN	126,27 BGN	82,28 BGN	262 058,50 BGN	94 891,91 BGN	88 451,00 BGN
Total	-	-	-	2 296 978,50 BGN	1 246 691,91 BGN	936 533,40 BGN

The Tables show the expenditures per 1 decare and the total costs per crop over the period of

three years. The higher production costs of cooperative “Y” are due mainly to two reasons:

more staff (higher administrative costs) and lower production and outdated machinery.

Quantity of harvested production

**Table 3.** Harvested production of “X” LLC

Quantity of harvested produce of “X” LLC						
	2022	2021	2020	2022	2021	2020
Crops	average yield per decare			Total tonnes by crop		
barley	645	575	610	161,25	86,25	134,2
wheat	650	530	600	3347,5	2289,6	2718
rapeseed	312	240	280	567,84	494,4	523,6
sunflower	240	175	200	545,52	494,725	409,6
Total	-	-	-	4622,11	3364,975	3785,4

**Table 4.** Harvested production of cooperative “Y”

Quantity of harvested produce of Cooperative “Y”						
	2022	2021	2020	2022	2021	2020
Crops	Average yield per decare			Total tonnes by crop		
barley	580	510	550	191,4	255	121
wheat	596	495	534	2562,8	2475	2419,02
rapeseed	300	200	235	840	530	752
sunflower	213	149	170	339,735	111,9735	182,75
Общо	-	-	-	3933,935	3371,974	3474,77

In the tables “Quantity of harvested production” we have included data for the production per decare and the total production cost. On the basis of the two shown tables, we calculate the average total costs by crop and the total sum of the entire production. The differences in the

mean yield per decare are due to the technological level of the used machinery and equipment. Another reason may be the unstable climate conditions of the region, as well as the lower quality of the production.

Average total costs (per crop and total sum)

**Table 5.** Mean costs per tonne of ready production of “X” LLC

	2022	2021	2020
Crops	Mean costs per tonne of ready production of “X” LLC		
barley	279,07 BGN	195,69 BGN	130,03 BGN
wheat	448,10 BGN	230,47 BGN	150,37 BGN
rapeseed	669,20 BGN	687,50 BGN	391,21 BGN
sunflower	696,58 BGN	646,51 BGN	376,00 BGN
Total	498,69 BGN	357,90 BGN	207,37 BGN

**Table 6.** Mean costs per tonne of ready production of Cooperative “Y”

	2022	2021	2020
Crops	Mean costs per tonne of ready production of Cooperative “Y”		
barley	341,38 BGN	259,22 BGN	157,00 BGN
wheat	520,13 BGN	242,73 BGN	184,23 BGN
rapeseed	757,83 BGN	915,00 BGN	509,87 BGN
sunflower	771,36 BGN	847,45 BGN	484,00 BGN
Total	583,89 BGN	369,72 BGN	269,52 BGN

The mean costs per 1 tonne of ready production increase evenly for each crop, respectively the mean costs for the total quantity of production.

They show the real financial expression of the abovementioned factors (reasons).

## Company revenue

Numerical expression of the revenues per crop and total sum

**Table 7.** Revenues from marketed production of "X" LLC

Revenues from marketed production of "X" LLC						
	2022	2021	2020	2022	2021	2020
Crops	Revenues per 1 decare			Total revenues		
barley	361,20 BGN	276,00 BGN	207,40 BGN	90 300,00 BGN	41 400,00 BGN	45 628,00 BGN
wheat	409,50 BGN	275,60 BGN	258,00 BGN	2 108 925,00 BGN	1 190 592,00 BGN	1 168 740,00 BGN
rapeseed	405,60 BGN	228,00 BGN	229,60 BGN	738 192,00 BGN	469 680,00 BGN	429 352,00 BGN
sunflower	300,00 BGN	161,88 BGN	180,00 BGN	681 900,00 BGN	457 620,63 BGN	368 640,00 BGN
Total	-	-	-	3 619 317,00 BGN	2 159 292,63 BGN	2 012 360,00 BGN

**Table 8.** Revenues from marketed production of cooperative "Y"

Revenues from marketed production of Cooperative "Y"						
	2022	2021	2020	2022	2021	2020
Crops	Revenues per 1 decare			Total revenues		
barley	313,20 BGN	229,50 BGN	187,00 BGN	103 356,00 BGN	114 750,00 BGN	41 140,00 BGN
wheat	357,60 BGN	257,40 BGN	224,28 BGN	1 537 680,00 BGN	1 287 000,00 BGN	1 015 988,40 BGN
rapeseed	405,00 BGN	188,00 BGN	192,70 BGN	1 134 000,00 BGN	498 200,00 BGN	616 640,00 BGN
sunflower	251,34 BGN	126,65 BGN	153,00 BGN	400 887,30 BGN	95 177,48 BGN	164 475,00 BGN
Total	-	-	-	3 175 923,30 BGN	1 995 127,48 BGN	1 838 243,40 BGN

The above tables show the revenues of the company per crop and the total sum. On the left are seen the revenues from 1 decare, and on the right – the total costs by crop. The last line shows the revenues for the total quantity of production. The revenues from the sale of the

ready production are the multiplication of the harvested produce and the selling price. In this case the two factors are influential.

On the basis of **Table 2**, the data for the mean revenue per tonne of crop is shown in **Table 5**.

Mean total revenues per tonne (by crop and total)

**Table 9.** Mean revenues per tonne of ready production of "X" LLC

	2022	2021	2020
Crops	Mean revenues per tonne of ready production of "X" LLC		
barley	560,00 BGN	480,00 BGN	340,00 BGN
wheat	630,00 BGN	520,00 BGN	430,00 BGN
rapeseed	1 300,00 BGN	950,00 BGN	820,00 BGN
sunflower	1 250,00 BGN	925,00 BGN	900,00 BGN
Total	783,04 BGN	641,70 BGN	531,61 BGN

**Table 10.** Mean revenues per tonne of ready production of cooperative "Y"

	2022	2021	2020
Crops	Mean revenues per tonne of ready production of Cooperative "Y"		
barley	540,00 BGN	450,00 BGN	340,00 BGN
wheat	580,00 BGN	520,00 BGN	420,00 BGN
rapeseed	1 300,00 BGN	940,00 BGN	820,00 BGN
sunflower	1 180,00 BGN	850,00 BGN	900,00 BGN
Total	783,61 BGN	591,68 BGN	529,03 BGN

In the mean revenues per crop a trend of continuous growth in all crops is observed, which leads to annual increase in the mean revenues for all per tonne. Here lies the main difference in the selling price. These Company gain

differences, no matter how negligibly small in some crops, may be due to the compromised quality, caused by not so precise performance of agro-technical events (ATE) and possible climate specifics.

After we reviewed the costs and revenues separately, we must show what their difference is, i.e. the final financial output.

Gain per 1 decare

**Table 11.** Gain per 1 decare of "X" LLC

"X" LLC			
	2022	2021	2020
Crops	Gain per 1 decare		
barley	181,20 BGN	163,48 BGN	128,08 BGN
wheat	118,24 BGN	153,45 BGN	167,78 BGN
rapeseed	196,81 BGN	63,00 BGN	120,06 BGN
sunflower	132,82 BGN	48,74 BGN	104,80 BGN

**Table 12.** Gain per 1 decare of cooperative "Y"

Cooperative "Y"			
	2022	2021	2020
Crops	Gain per 1 decare		
barley	115,20 BGN	97,30 BGN	100,65 BGN
wheat	35,68 BGN	137,25 BGN	125,90 BGN
rape	162,65 BGN	5,00 BGN	72,88 BGN
sunflower	87,04 BGN	0,38 BGN	70,72 BGN

In **Table 11 and 12** interesting dynamics in the gain per decare are observed. It is notable that in cooperative "Y" there is no traceable trend.

This is due to the indicated factors in costs and revenues.

Gain per 1 tonne of production by crop

**Table 13.** Gain per tonne by crop of "X" LLC

	2022	2021	2020
Crops	Gain per tonne by crop of "X" LLC		
barley	280,93 BGN	284,31 BGN	209,97 BGN
wheat	181,90 BGN	289,53 BGN	279,63 BGN
rapeseed	630,80 BGN	262,50 BGN	428,79 BGN
sunflower	553,42 BGN	278,49 BGN	524,00 BGN

**Table 14.** Gain per tonne by crop of cooperative "Y"

	2022	2021	2020
Crops	Gain per tonne by crop of Cooperative "Y"		
barley	198,62 BGN	190,78 BGN	183,00 BGN
wheat	59,87 BGN	277,27 BGN	235,77 BGN
rapeseed	542,17 BGN	25,00 BGN	310,13 BGN
sunflower	408,64 BGN	2,55 BGN	416,00 BGN

The gain per 1 tonne of production shows us the real profitability by crop.

Aggregate gain per crop and total

**Table 15.** Total gain by crop and aggregate gain of "X" LLC

	2022	2021	2020
Crops	Total gain by crop and aggregate gain		
barley	45 300,00 BGN	24 522,00 BGN	28 177,60 BGN
wheat	608 925,00 BGN	662 904,00 BGN	760 043,40 BGN
rapeseed	358 192,00 BGN	129 780,00 BGN	224 512,20 BGN
sunflower	301 900,00 BGN	137 773,85 BGN	214 630,40 BGN
Total	1 314 317,00 BGN	954 979,85 BGN	1 227 363,60 BGN

**Table 16.** Total gain by crop and aggregate gain of cooperative "Y"

	2022	2021	2020
Crops	Total gain by crop and aggregate gain		
barley	38 016,00 BGN	48 650,00 BGN	22 143,00 BGN
wheat	153 424,00 BGN	686 250,00 BGN	570 327,00 BGN
rapeseed	455 420,00 BGN	13 250,00 BGN	233 216,00 BGN
sunflower	138 828,80 BGN	285,57 BGN	76 024,00 BGN
Total	785 688,80 BGN	748 435,57 BGN	901 710,00 BGN

The aggregate gain shows what funds the enterprise has after it has covered all its expenditures. In this realistic expression of the efficiency of the work of the two firms, a final positive result is noted. Due to the higher costs, the lower productivity and efficiency of the machinery, as well as the lower selling price (result of the lower quality), the profit of cooperative “Y” is lower for the indicated 3-year period.

## CONCLUSION

On the basis of the performed analysis, the following conclusions may be drawn and some recommendations for development of the two business models in Bulgarian agriculture may be suggested.

In general, LLC and the cooperatives differ to a great extent in their legal principles and obligations. The limited liability companies emphasize the output – the gain, which in the cooperatives is secondary in importance. The cooperatives underscore the social principle of work, in which each member has the right to seek personal development.

LLCs exist on the principle of “optimization of gain”, yet the condition which belies the differences between the two work systems is that in limited liability companies the associate has a larger share, receives the greater part of the profit and respectively has more weight in decision-making. In cooperatives we do not have this marked trend to constant increase of gain, but rather in the social-economic direction. Each member of the cooperative has the right to one vote regardless of the volume of their share. Essentially, the two legal forms of interactions between the collaborators are based on the principle of mutual assistance, but their real expression shows serious differences, mostly in their main goal.

Economically, there are differences in the managerial and production systems. Cooperative “Y” has higher costs, which is due mainly to several reasons:

1. Higher administrative costs
  2. Outdated and inefficient machinery, which is the result of the principle of social direction.
  3. Lower quality due to untimely performance of ATE, resulting from less efficient machinery and equipment.
- Whereas in “X” LLC we have as a major principle “optimization of gain”.

This idea underlying the principles of management implies the search for more efficient production methods. For instance:

1. Constant renovation of the machinery and equipment in order to decrease their energy intensity and time for performance of ATE, respectively – increasing the efficiency of the production process.
2. Shortened administrative and managerial costs, as this activity is united within the owners of the enterprise.
3. The more productive machinery requires less labour force, which leads to a reduced fund of “manual labour”

As a whole, the two indicated enterprises have achieved a serious positive financial output. The differences between them are due to different work principles. Despite all that, they are at the basis of the food chain of society, which presupposes their continuous development and improvement. Of course, under equal conditions – land and climate, they will not reach the same financial output, because the principles for their existence are different.

## CONCLUSION

Profit maximization is a behavioral assumption in economics, according to which the goal of the company is to maximize profit. Profit maximization is achieved by maximizing sales and minimizing costs. If sales remain the same, cost minimization leads to more profit, if costs remain the same, sales maximization leads to more profit, i.e. companies can maximize profit on the one hand via the supply of goods and on the other hand via the factor demand quantity. So cost minimization and revenue maximization are sub-goals of profit maximization. Profit maximization can be viewed in the short term and in the long term. Economic formulas not only sound quite complicated, but the practical application for your company should be treated with caution. Various assumptions have to be made and uncertainties, such as unforeseeable problems in production, changed behavior of competitors or dynamic markets in general, which cannot really be effectively mapped in the static calculation.

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