

Terziyska Ralitsa

Ph.D., Assistant of Department of Economics of Natural Resources
University of National and World Economy (UNWE)
Sofia, Bulgaria

AGRICULTURAL MANAGEMENT MODELS IN BULGARIA

Management functions cannot be found in pure form in the Bulgarian agriculture. The reason is that some of the farms are very small and mainly managed by the head of the household. Economic activity and management responsibilities are rarely split to separate positions. Large agrarian structures in Bulgaria have a specific management, which is close to enterprises operating in variety of other sectors. The state of management models in Bulgaria's agriculture is of interest to scientists in fields such as management and knowledge of the specifics of the agrarian sector.

The main purpose of this report is to examine the types of management models, their characteristics and application. To achieve the goal, the following tasks are set out to reveal the place and role of the following management models applicable in agriculture: 1) a linear model; 2) functional model; 3) linear-stationary model; 4) design (matrix) model. Based on the results, some conclusions are drawn about the advantages and disadvantages of the agrarian management models in Bulgaria.

1. **The linear model** of farm management is built on the principle of individual supervising and the direct relationship between the manager and subordinates. Major advantages, according to some authors [4], are: the provisioning of clear and well-defined communication channels; reducing the time of the management process; creating conditions for effective control of the performance. Some disadvantages are: a requirement for different managerial and administrative skills; hindering the coordination of structural subdivisions at one level of governance; in the relatively larger agricultural holdings, a long command line is created, which impedes the operational management. This model of management is applicable to start ups or small-scale farms. The main criteria to define an agricultural holding as a small farm are few: utilized agricultural area (UAA); annual working units; market participation; economic size (total standard output) or a combination of the above. The economic size indicator is the only one that is applicable to all types of holdings and makes it possible to compare them. Farms considered to be small are those with a total standard output of up to 4000 euros. Farms with total standard output of up to 2000 euros are categorized as very small. A decreasing tendency of the total number of farms is observed in the last few years in Bulgaria. The decreasing rate from 2010 to 2016 is -46%. The largest change is in the very small-scale group of farms with total standard output up to 2000 euros - from 255 105 in 2010 the number dropped to 104 898 in 2016. The number of farms in 2016 with a total standard output up to 4000 euros represents 69.6% of all. Very small farms take 52.2% of the total number, and those with total standard output between 2000 and 4000 euros respectively 17.4%.

2. **In the functional model**, management is carried out by the manager through specialists who manage the structural subdivisions of the different functional levels for which they are responsible. This way of conducting management connections is appropriate for specialized management of the production process. According to some authors, management of this model is carried out on three levels [3]. The advantages of the model are to maximize the benefits of labour specialization, reduce the duplication of functional areas, and make more efficient using of resources. Insufficiencies in this model can be: an increase in management personnel, a breach of the principle of unanimity, difficulties reconciling orders from different

executives and more. This model is typical for narrowly specialized holdings. Such holdings are those with main commodity production above 50% of their overall output. Specialisation like this is common for the grain sector. It is characterized by insecurity and instability as activities are subject to climatic conditions, the spread of disease and other [5]. In 2016 the number of farms in the grain sector in Bulgaria is 47 991. This marks a very negligible decreasing trend.

3. **The line-and-staff model** combines the advantages of the Linear and Functional Model. A team of specialists, who carry out advisory functions are responsible for the activities of the structural sub-divisions [2]. Advantages are: eliminating the need of direct leadership of the process, and the decision-making power is close to the place where it is realized. The disadvantages can be: difficult coordination across functional units; less information about the production state is communicated back to upper management which in turn inhibits their managing capabilities; the relatively larger number of management units and others. This model is applied in practice in two varieties - for centrally managed holdings and for farms with limited functional management. The most common application is found in cooperatives. According to MAFF data, the number of agricultural cooperatives in Bulgaria is decreasing. In 2010 they were 941, in 2016 the number was 767.

4. **The project (matrix) model** applies to the implementation of new productions and technologies. The possibility of exempting the head manager from direct management of the process of production or technology implementation is considered as one of the advantages in this model but it also leads to increased management costs and increased complexity of farm management [1]. In practice, this model has a very limited application. It is most often applied on farms that change their specialization of production.

Conclusions:

Almost all of the models above can be seen across Bulgaria's agriculture. The linear model of farm management is common because of the presence of a large number of small farms which as described above are managed primarily by the head of the household. The functional model is typical for narrowly specialized agricultural holdings such as large-scale farms in the grain sector. The line-and-staff model is most commonly applicable for cooperatives. There is very limited usage of the design (matrix) model in practice and is mostly appropriate for farms, which are changing their specialization.

Acknowledgement

The research leading to these results has received funding from the National science fund (Bulgaria) under contract DH 15/8 2017 "Sustainable multifunctional rural areas: reconsidering farming models and systems with increased demands and limited resources".

References

1. Angelov, D., J. Doitchinova, M. Stanimirova (2005). Menidjmant na agrarnoto predpriyatie [Management of agricultural holdings]. Izdatelstvo "Nauka i ikonomika", Ikonomicheski universitet – Varna
2. Kanchev I., J, Doitchinova (2005). Agraren menidjmant [Agrarian management]. Universitetsko izdatelstvo Stopanstvo
3. Slavova, G. (2015). Menidjmant v agrarniya biznes [Management in agricultural business]. Izdatelstvo "Nauka i ikonomika", Ikonomicheski universitet – Varna
4. Hristov, Hr. (2006). Vavedenie v upravlenieto [Introduction in management]. Uchebnik za distancionno obuchenie. Universitetsko izdatelstvo Stopanstvo.
5. Harizanova, H., & Stoyanova, Z. (2015). Impact of agricultural policy on grain sector in Bulgaria. Scientific Papers: Management, Economic Engineering in Agriculture & Rural Development, 15 (4).