

**CO-OPERATIVES IN MODERN ECONOMY: CHALLENGES,  
STRATEGIES AND INNOVATIVE DEVELOPMENT**

**Larisa SAVGA, Prof., PhD**  
Trade Co-operative University of Moldova  
Email: savga.larisa@gmail.com

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***Abstract***

*Consumer co-operatives have become an important key player of the national economy, especially the social economy, contributing to the social-economic development of the country, to the development of localities, particularly in rural areas. Over its a century and a half existence, the system has experienced periods of ascension and decline, being influenced by a multitude of factors. And now, the evolution of this sector is facing internal and external challenges, which become a barrier to the intensive and extensive development of co-operatives.*

*This paper contains a vision how to respond to these challenges, based on the assessment of the importance, nature and role of cooperatives in the modern society, the international dimension of the cooperatives sector, the significance of the consumer co-operatives of the country, the analysis of the scale and development trends of this system, and the challenges it faces. All these have allowed emphasizing the strategic directions of consumer co-operatives development in the period up to the end of the present decade, the implementation of which will dynamize its evolution.*

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***Keywords:** cooperatives, social economy, challenges, strategy*

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## 1. Introduction

Cooperatives play an important role in modern society because of their impact on socio-economic development in any country. Cooperatives are a dual model, based on economic and social components, becoming key players in the competitive economy and demonstrating that they can with stand crisis periods and overcome their impact. Due to the diversity of promoted activities, the involvement of the population, the contribution to the improvement of the quality of life and development of the communities, the co-operatives have become an important pillar in the international and European policies of economic development, cohesion and social inclusion.

The United Nations Resolution (2010) „Cooperatives in social development” [7], International Labour Organization Recommendation (193/2002) concerning promotion of co-operatives [26] and the European Commission Communication on the promotion of co-operative societies in Europe (2004) [5], the European Parliament Resolution (2013) on the contribution of co-operatives to overcoming the crisis [11] and other international documents are geared to *supporting this form of activity and encourages governments, the academic and research environment to contribute to the development of co-operatives by improving legislation, identifying and implementing innovative forms of co-operatives and co-operative activity, promoting the education in the field based on international principles and good practices.*

Due to the role that co-operatives play in society and the benefits they provide to its members, employees and the community, they have consistently evolved throughout the world, involving an increasing number of members and stakeholders, including authorities responsible for drafting development policies. According to data of the International Co-operative Alliance (ICA), there are over 2.6 million co-operatives globally, associating 1.2 billion members. Co-operatives provide over 250 million jobs worldwide, 20% more than multinational companies. Within the G20 countries, about 12% of the total population is employed in co-operatives [17].

An important role in the implementation of national and sectoral economic and social policies lies with the field of co-operatives in the country, including consumer co-operatives. During its evolution over the course of a century and a half, this system has affirmed itself as one of the most numerous organized systems in the country, has constantly expanded its fields of activity, becoming a multi-sectoral one, and continuously developing its own infrastructure, which penetrates the entire geographical area of the country. At the same time, it has gone through different periods of ascension and decline, resisting the impact of the global and domestic economic crises.

In a constantly changing world, consumer co-operatives of the country encounter a multitude of external and internal problems that are becoming an obstacle to the evolution of this sector. Modern challenges require the priority of rethinking the forms of cooperatives organization and management, the fields of economic activity, the system of property relations, relationships with its members, and the motivational system.

## **2. The degree of the current investigation of the problem, the purpose of the research**

Issues concerning the legal framework and the fundamentals of co-operative organizing and functioning are addressed in several scientific papers, especially of foreign authors. Thus, issues concerning the legal regulation of the co-operatives' activity are investigated by Henry H., Fici A., Cracogna, D. (known experts in co-operative law) [9, 13, 14, 16]; the subjects referring to the role of co-operatives in the social economy are in the attention of Borgaza C., Depedri S., Ermanno T. [4]; aspects addressing the nature of the co-operative activity are studied by Menard C. [22], Petrescu C., Crisan I. [24, 25, 10]; issues related to the argumentation of the co-operative business model are examined in the works of Birchall J., Ketilson L. [2], Zeuli K. [31], Novkovic S. [23]; the new models of co-operative governance are addressed by Banaszac I, Beckmann V. [1]; research on the typology and diversification of the forms of organization of co-operatives are examined by Corcoran H., Wilson D., Lambro M. [18, 8] and others. Although there are common tangent points between the issues addressed in the mentioned studies and the barriers encountered by the national co-operative systems, the problems faced by the co-operative sector, its development guidelines at national and regional levels are specific to each country and depend on the socio-economic and particular political conditions in which co-operative entities operate, and they need to be studied in-depth.

At the same time, it is necessary to mention that research on the issues related to the drafting of co-operative development strategies is less reflected in the specialty literature. Globally, the concerns

of the International Co-operative Alliance have led to the elaboration and approval of the Blueprint “Vision 2020” [3], which is an important policy document for the development and promotion of co-operatives in the current decade. At national level, such policy documents, scientifically substantiated, are to be approved by the respective co-operative authorities.

Starting from the fact that the consumer co-operatives of the Republic of Moldova are a dynamic system that operates in a constantly changing environment, and given the importance of strategic planning to ensure its sustainable operation, it was decided to promote the present study, which aims at assessing the importance and role of co-operatives in the modern economy, analyzing trends in the development of consumer co-operatives of the country, identifying the challenges faced by the co-operative system and arguing the strategic priorities for sector development.

### **3. Applied methods and materials**

In order to carry out the research, international and European policy documents were examined, particularly in the field of supporting and promoting co-operatives, as well as the national documents related to the development of this field. The assessment of the national legal framework related to the functioning of the consumer co-operatives sector in the Republic of Moldova was based on the analysis of national legislation in the field. To analyze the development trends of co-operatives in the country, the author used the information offered by the National Bureau of Statistics, and the data and reports of the Central Union of Consumer Co-operatives from the Republic of Moldova (Moldcoop). The dimension of the global co-operative sector was highlighted based on the information received from the International Co-operative Alliance and the WCM Report (World Co-operative Monitor [12]). A large-scale methodological tool has been used in the research, which included methods of economic analysis, as well as statistical, synthesis, induction, deduction, benchmarking and forecasting methods, etc.

## **4. Results and discussion**

### **4.1. The role of consumer co-operatives in the economic and social development**

The emergence of the consumer co-operatives in the country dates back to April 22, 1868, when the first co-operative was created under the name „Sberejenie” (Saving) in response to the socio-economic disparities between the poor and the wealthy population. At the time of its appearance, the mission of the consumer co-operatives was, and still continues to be, meeting the material and spiritual requirements of members on the basis of the principles of equity and justice. The co-operative appears as a form of freely consented adherence of its members, who commit themselves to contribute with their material and financial means and by their work to accomplish the specified mission and obtain benefits. Thus, the co-operatives are set up as the result of the free will of a group of people aiming to achieve common goals, forming for this purpose its own capital by the participation of members and the allocations for development, arising from the results of economic activity.

During its evolution, the co-operative movement of the country took different forms, evolved with varying intensity, adapting to every historical period, knowing both success and decline, but always has found the necessary balance to continue its mission as a socio-economic one.

The transition to a market economy and the implementation of free market mechanisms over the last quarter of a century have favoured the diversification of forms of enterprise organization and economic activity, and the development of entrepreneurship. These tendencies eventually influenced the structure of the economic agents according to the organizational-legal form. Thus, according to the information contained in the State Register of the Republic of Moldova on January 1, 2018, it records 169,400 legal persons and individual entrepreneurs, out of which 3785 co-operatives, which share accounts for 2.3% [29]. The largest share belongs to limited liability companies and individual entrepreneurs, namely 57.9% and 33.4% respectively. It is worth mentioning that in the last years there is a tendency to diminish the number of co-operatives, while the number of legal persons is growing. Thus, the number of co-operatives decreased by 5.9% in the period 2012-2018, while the weight of other forms, for example Ltd, increased considerably - by 27.0%.

In the Republic of Moldova the functioning of the consumer co-operatives is ensured through its *economic, social, legal and organizational* support. The *economic support* is the economic and property relationships. The co-operative patrimony is the foundation of the operation of this important system. The *social support* consists in the idea of justice and equity. Co-operators constitute the axis of reference of the consumer co-operative system. The *legal and organizational-managerial support* to the functioning of the consumer co-operatives consists in the legislative-normative framework, especially the law on consumer co-operatives [19], and the decisions regarding the internal organization of the co-operative entities and their management.

It is worth mentioning that the co-operative organizations and enterprises are open to the entire community of the area in which they operate, being at the service not only of its members, but also of other people from the respective localities. Thus, the consumer co-operatives system is in the service of about 57% of the country's population.

According to their social and economic conception and motivation, consumer co-operatives are involved in the problems of localities and population. As a socio-economic subsystem with certain milestones in evolution and targeting, especially in the rural environment, this sector cannot miss the socio-economic development of human settlements. With organizational structures penetrating in the territorial profile, the co-operative system can produce favourable mutations on rural localities both in evolutionary and structural terms. Acceleration of socio-economic development in rural areas demands support regarding the development of the technical and material infrastructure of consumer co-operatives to carry out trade activities, acquisition and processing, provision of services, etc.

To remain on the market and meet the challenges of the competitive environment, consumer co-operatives must constantly change. This concerns not only the modernization of the technical and material infrastructure but, above all, the organizational and managerial optimization, and the definition of sustainable development strategies.

## 4.2. Dimension and evolution of consumer co-operatives

Traditionally, the consumer co-operatives operate predominantly in rural areas, providing a wide range of activities, such as: retail and wholesale trade, purchase of agricultural, animal and other products and their processing, provision of various services, including educational one, market and public catering. The activity of this sector is subordinated to the interests of its members and population living in its area of activity, rendering services to more than half of the country's population.

Consumer co-operatives are a member-centered system in accordance with their nature and principles. Therefore, co-operatives are constantly opting for strengthening the community of its co-operators and developing its infrastructure. The consumer co-operatives system, as mentioned above, brings together more than 124,000 members (co-operators). The system associates 146 economic agents, including 93 consumer co-operatives.

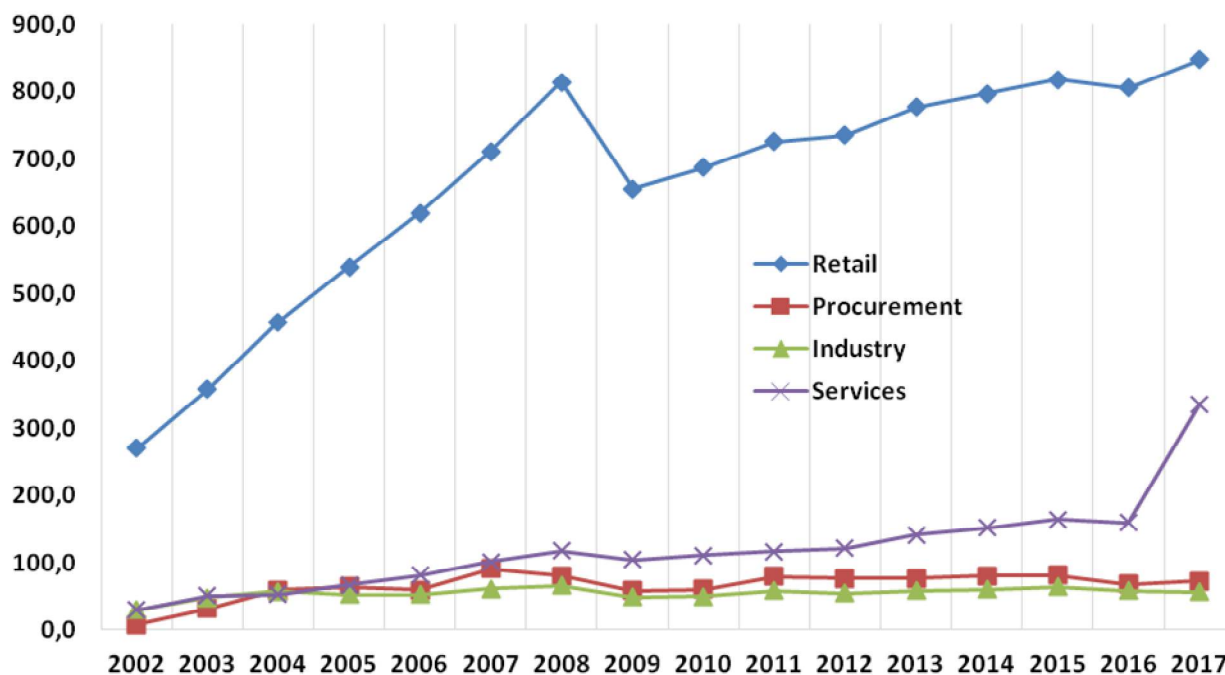
The implementation and development of free market relations in Moldova since the 1990s has favoured the emergence and development of competition, with which the co-operative organizations could not cope at the first stage, and this led to a reduction in the size of the co-operative sector and a sharp decline in the economic performance indicators. Since 2002, regression trends have been halted, with subsequent trends in economic growth. The economic recovery of the consumer co-operatives has largely succeeded in expanding and modernizing its infrastructure (trade and food production, especially bakery), mobilizing domestic resources, and using the existing potential.

Thus, during the period after 2002 to the present, about 650 trade and public catering units have been reopened and returned to operation; more than 1200 units with this profile have been technologically upgraded. A special role in the retechnologization of commercial services has the development of commercial network concept, the design and implementation of the new CoopPrim and CoopPlus stores. The number of such units is continuously expanding due to the benefits offered to consumers and their efficiency, with currently 118 units operating. In addition to the social benefits provided by these units, they also provide a high level economic efficiency. Enterprises (units) employed in bakery activities, processing of agro-food products, provision of market services for the marketing of agricultural products have undergone modernization.

Currently, the infrastructure dimension of the consumer co-operatives in the country includes 1930 trade units, 230 public catering enterprises and 32 markets, a production sector, which associates about 100 infrastructure elements (production enterprises, bakeries, confectionery/pastry units, slaughterhouses, agricultural processing units, including sunflower seeds, cereals, sausage sections). The consumer co-operatives are present in about 770 localities of the country, carrying out various economic activities and providing services to the population.

Although in the period after 2002 (when the economic relaunch of the co-operative system began) emphasis was put on the reopening and modernization of the co-operative infrastructure objectives, and this boosted the development of the consumer co-operatives in the country, still, the economic activity of the co-operative system experienced an uneven evolution (Figure 1).

In this way, the accelerated economic development of the co-operative branches in 2003-2004 was followed by a certain stability over the next two years (2005-2006), with an advanced growth in 2007. In 2008-2009 the activity of the Moldovan consumer co-operatives was affected by the global economic crisis, which manifested itself in a reduction of the values of the key economic indicators, the impact of which was felt at the beginning of 2010.



**Figure 1. The volume of retail sales, industrial production, purchase of agricultural products, services rendered by the consumer co-operatives (millions of lei)**

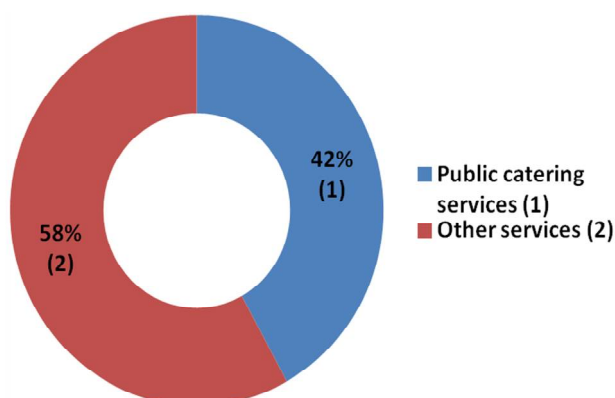
Source: Moldcoop Information

Afterwards, the economic situation stabilized, outlining once again moderate growth trends that were maintained until 2015. In the following period (2016-2017), the turnover increased considerably in some areas (in the sector of services - 2.1 times), while in other sectors it decreased (in acquisitions of agricultural products - by 10.0%, in industry - by 12.3%). This confirms the need for some effective actions to transform consumer co-operatives into a sustainable development system.

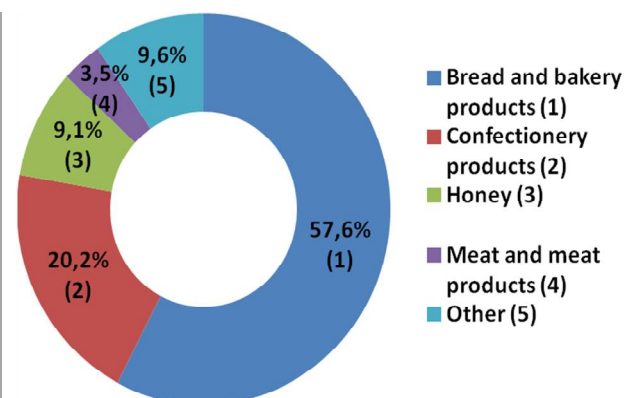
Currently, the largest share of turnover belongs to trade, accounting for about 70%, followed by providing services (15%). In the last years, the catering services have a 42% share in the structure of services (Figure 2); in the field of industry the dominant weight is occupied by bread manufacture, bakery products (57%) and confectionery (20%) (Figure 3).

At the same time, it needs to be mentioned that, although the organizations and enterprises of the consumer co-operatives operate under conditions of insufficient financial resources, the co-operative system succeeded to invest in its own development 247.8 million lei in the years 2003-2017. The lack of sources for the necessary investments and the unattractiveness of the system for

foreign investors (mainly due to the nature of co-operative ownership) remain an important obstacle to the sustainable development of consumer co-operatives on the long-term.



**Figure 2. Structure of services provided by consumer co-operatives**



**Figure 3. Structure of industrial production of consumer co-operatives**

With the increase in volumes of consumer co-operative activities, the contributions to the consolidated budget by payment of taxes and duties, as well as social and health insurance contributions have steadily increased. In 2012-2017 they recorded a total of about 654.5 million lei. Payments to the consolidated budget increased by 24.1% in 2017 compared to 2012.

Although the economic and financial situation of the co-operative system has recovered in recent years, there are still sufficient reserves for development, and its internal potential is to be fully exploited.

#### 4.3. Current challenges and their effects on consumer co-operatives

Under the conditions of economic globalization, the co-operatives sector faces, on the one hand, the same problems encountered by traditional capital firms and which are generated by the processes of globalization - mergers, integrations, alliances, managerial redesigns, and, on the other hand, with the challenges arising from the specificity of consumer co-operatives - economic activity controlled by democratic principles. Under such conditions, co-operatives must be competitive to stay in the market.

The existing situation in the field of consumer co-operatives and the trends of their development in conditions of competitive market confirm that consumer co-operatives are slightly influenced both by external and internal factors. In our opinion, the main shortcomings, encountered by the consumer co-operatives, are legislative, financial, patrimonial, organizational, managerial, motivational ones, which have been extensively analyzed in previous publications [27].

A contemporary challenge is related to the nature of co-operative activities. As some authors consider, Levi Y., Davis P., Borzaga C., Depedri S., Ermanno T. [21, 4], Petrescu C. [24, 25], co-operatives are too *economically oriented* to be included in the nonprofit sector and, at the same time, too socially oriented to be considered as economic organizations that seek to obtain profits.



Co-operatives are viewed as a *dual model* based on *an economic and a social components*. Here we can find the source of *incompatibility* between the economic paradigm and the organizational rationality, which claims to be based on the coexistence of the two characteristics, the economic and the social ones [24].

Researches in the field [21] notes that in the classical economy co-operatives play an ambiguous role, because there is no clear delineation between their *for-profit* or *nonprofit* orientations. The nonprofit aspect of co-operatives lies in the indivisibility of joint reserves. Researchers say co-operatives can be considered as *economic enterprises and nonprofit organizations at the same time*. Based on socio-economic duality, co-operatives are approached as „*hybrid*” organizations that combine volunteer and commercial elements [21].

Another challenge is the creation of equitable economic conditions for all economic agents operating in the internal market that would ensure fair competition. Regretfully, co-operative entities operate in our country under *unequal economic conditions* in relation to other economic agents of entrepreneurship. This situation was favored by the *legalization of the economic activity on the basis of the entrepreneurial patent* [20], which, in the existing formula, is specific only for the Republic of Moldova. By paying the patent fee of 150-700 lei (until 01.10.2017 this fee varied within the limit of 100-360 lei), the patent holders sold goods in huge quantities (including food, technical goods, etc.), without paying any other taxes and duties. Although the authorities undertook efforts to bring patent holders back to an institutional legal framework (changing the form of activity in a legal organizational and judicial form, offering them various facilities), the reform of the entrepreneurial patent faces a large resistance from these people, the authorities ultimately yielding to them. Initially, this reform was to be carried out in 2007-2009, but under the influence of social factors, the term of validity of the retail patent was extended until January 1, 2017, then until December 31, 2018. But this deadline may be postponed as well. According to the data of the State Tax Service [28], the number of valid patents in the Republic of Moldova amounted to 17,723 (including those offered for commercial services – 10,556 or 59,6%) on 1 January 2017. In the first half of 2018 (according to data on 30 June) 6,486 patents were issued, prolonged – 33,974, the revenue generated from them constituted only 24820.6 thousand lei.

For the consumer co-operative system, which pays off its payments and taxes, keeping an entrepreneurial patent business means the maintenance of unfair economic conditions and unequitable competition with other agents of commercial entrepreneurship.

The *unfair conditions in which the co-operative commercial entities operate* are also mentioned in the Strategy for the internal trade development of the Republic of Moldova for the years 2014-2020, approved by the Government Decision no. 948 of 25.11.2013 [15] „rural population buys essential products on the markets organized by individual traders, especially patent holders, in the villages on weekends. They sell unsafe products, do not have certificates of product origin and quality, which creates the effect of distorting the competitive environment among market operators, including for consumer co-operatives enterprises”.

Unfair competition in the domestic market „strangles” co-operative entities by practicing prices that do not include taxes, which ultimately lead to the exclusion of the consumer co-operatives from the market.



Another important factor, on which the development of the consumer co-operatives sector depends in the future, is the support *of this form of co-operatives by the central and local public authorities*. Considering that consumer co-operatives actively participate in the realization of social-economic national policies, providing commodities of first necessity and services to the most remote rural localities, the Government should subsidize some co-operative economic activities, for example: baking and assuring the population with bread and bakery products, purchasing the surplus of agricultural and animal products from the population, etc., but this is not the case. Local authorities, however, frequently charge major taxes on the activity of co-operative units.

All this weakens the force of co-operative structures, leads to a reduction in activity, the cessation of the activities of some co-operative units or even the liquidation of some co-operatives.

Strengthening the internal needs of change requires the *rethinking of the forms of organizing co-operatives, their management, the fields and forms of activity, the relationships with their members, and the system of property relations*. At the same time, it is important to redefine the role of the state in relation to the system of consumer co-operatives and create favorable conditions for the development of this system, reconstructing its image in society.

Therefore, in our vision, boosting and assuring the functionality of consumer co-operatives development in the country require innovative solutions in the domestic sphere, which must be supported by third-party decision makers.

#### **4.4. Strategic guidelines and actions for the development of consumer co-operatives**

Further development of consumer co-operatives, active integration in the national and international economic circuit, modernization and efficientization of economic activity, diversification of co-operative benefits and innovative development, undoubtedly, depend, to a large extent, on the management of this system on its entire vertical both at micro-level and at regional and macro-level. An essential role in drafting future developments of this sector is the multifaceted analysis of its activity, especially the assessment of risk and uncertainty in the processes of substantiating the sustainable economic and social development strategies.

In order to design an overall vision of the consumer co-operatives development, a SWOT analysis of the system was carried out, which allowed the evaluation of internal and external factors of influence and highlighted the strengths and weaknesses as well as opportunities and threats for the further development of consumer co-operatives.

Among the *strengths*, the following can be mentioned: the social basis of the consumer co-operatives system consisting of co-operative members, associated at their free consent and subscribing to their social capital; the legal basis for the functioning of consumer co-operatives (national and international); the organizational unity of the consumer co-operatives system; multidimensional (diversified) character of economic activities (trade, acquisition-processing, provision of services, etc.); unitary management system based on democratic principles and participatory management; the existing image of a socially oriented system; contribution to the

implementation of national development programs; human resources with experience in the co-operative sector; insured sales market; working experience gained over decades; established internal relations; own infrastructure (technical and material) and investments in infrastructure modernization; own educational system represented by different levels of professional education and research potential; contribution to rural development; the ubiquity of co-operatives around the world and the support of the global co-operative movement; the system of consumer co-operatives in the country is part of the international co-operative system; transfer of international experience and best practices to national consumer co-operatives.

In the SWOT analysis, *weaknesses* have been identified that have a bad impact on the work of the consumer co-operatives system. These refer to: deficiency of the legislative-normative framework regarding consumer co-operatives; diminished interest of co-operative members in the support and development of co-operatives; imperfect mechanisms of co-participation of members in the economic and administrative activity of co-operatives and accountability of co-operative members for their work; certain elements of the organizational structure are imperfect and inefficient; reduced responsibility of managers and employees of co-operative entities for the results of economic and financial activity; partially obsolete, unused or ineffective technical-material infrastructure; insufficient financial resources to implement large programs for infrastructure modernization, re-technologization and expansion of the activity; unattractiveness of the consumer cooperatives system for external investments due to the nature and legal status of the economic subjects in the sector; diminishing the positioning of enterprises and cooperative organizations in the markets in which they operate; low profitability of economic activity in some areas generated predominantly by the social character of cooperative benefits in rural areas; imperfect motivational system; insufficient information of the population regarding the benefits provided by the consumer cooperatives.

Based on the analysis of the economic environment, internal market trends, market needs, collaboration opportunities and other issues, the following *opportunities* for consumer cooperatives development were highlighted, they target first of all: improvement of the legislation in force, its harmonization with the internal needs and the *acquis communautaire*; support of the consumer cooperative activity by the state structures, synergic cooperation with public authorities at all levels; increasing the credibility of foreign partners and the attractiveness of the cooperatives sector for foreign investment; strengthening the community of co-operators and recruiting new members; strengthening integration and associative processes; optimizing the structure and management of the co-operative system; modernizing the co-operative infrastructure; diversifying co-operative activity fields according to the needs of society and international best practices; penetrating into new internal markets and market niches (urban, regional, agri-food products, etc.) and on the external market; cooperating with other areas of co-operative activity and types of co-operatives; implementing the integrated information system within the consumer co-operatives; rapid adaptation to changing internal and external environment; expanding and diversifying goods supply and enhancing the quality of goods made available to consumers; expanding the possibilities of attracting and capitalizing on the purchasing funds of consumers; increasing confidence, implementing loyalty programs for consumers.

Among the *threats* that can create dangers and obstacles in the evolution of consumer cooperatives and achievement of the mission and objectives, the following are noticed: maintaining contradictions between consumer cooperatives legislation and other legislative acts, including civil law; substantial reduction of positions on the segments of economic activity; reducing association interest in consumer cooperatives; unequitable competition environment for all economic subjects operating in the domestic market, maintaining unfair competition; under-appreciation of the consumer cooperatives system by public authorities and the role of consumer cooperatives enterprises and organizations in the implementation of social policies of the Government, failure to support cooperative activities of social character in remote localities or in settlements with small number of population; impact of economic and financial crisis processes; destructive demographic trends in the country, migration of labor force, population and of the demand; reduction of income and purchasing capacity of the population; changing the structure of consumption expenditure of the population; discrepancies between the level of qualification of the personnel and the competencies required for innovative activity, efficient for the consumer cooperatives; low level of attractiveness of the consumer cooperatives for young people enrollment in its activity; limited financial possibilities.

Based on the analysis of the challenges encountered by the consumer co-operatives and the SWOT analysis, it can be concluded that the *priorities of the consumer co-operatives development* under the present conditions are, first of all:

- ensuring the legislative and normative framework appropriate for the efficient functioning of the consumer co-operatives;
- maintaining and consolidating the consumer co-operative system;
- strengthening the community of co-operators;
- improving the internal organization of consumer co-operatives;
- diversification and territorial expansion of consumer co-operatives' activities;
- efficientization of economic activities promoted by the co-operative entities;
- strengthening competitive advantages of the system;
- developing the professional and intellectual potential of human resources.

Taking into account the importance of strategic planning in ensuring the sustainable development of the cooperative system, at the request of the Central Consumer Co-operatives Union of Moldova, the research team led by the author of this paper has developed the Consumer Co-operative Development Strategy for the period 2016-2019 [6] (hereinafter - the Strategy), which was approved by the XVI<sup>th</sup> Congress on 12 February 2016 and currently it is being implemented. The Strategy highlights the priority of implementing development policies in the field, supporting the system modernization, supporting the increase of competitiveness and consistent, efficient and sustainable development of the consumer co-operatives in terms of meeting the multi-perspective needs of its members, employees and the population served.

Among the main *strategic objectives of consumer co-operative development* by the end of this decade, it is worth noting:

- strengthening the community of co-operative members and increasing their participation in co-operative development;

- optimization of traditional economic activities promoted by consumer co-operatives and diversification of co-operative benefits;
- optimization of the organizational structure and efficientization of the cooperative system management, implementation of innovative models of co-operative organization;
- ensuring financial stability, efficient and effective use of resources, ensuring the efficiency of co-operative entities;
- developing the internal potential and increasing the competitiveness of the system on the internal and external market;
- strengthening relations with public authorities;
- international cooperation, capitalization and development of external partnerships.

Accomplishment of the strategic goals of the consumer cooperatives development requires concerted efforts not only of the employees and co-operative members, but also of stakeholders to fully exploit the potential of the cooperative system. Priority actions to be taken in the future for this purpose are set out in previous publications [30].

The realization of the mentioned strategy has to stimulate the development of the consumer co-operatives and has to allow the increase of indicators which characterize the economic and financial activity. During the action period of the mentioned Strategy, it was estimated that retail sales has to increase annually by 3-5%, wholesale sales – by 6-8%, the purchase of products - by 6-8%, goods production - by 4-6% , paying services – by 3-5%, sales revenue has to grow by 3-5% and net profit has to increase by 4-6%.

In the first two years of the Strategy implementing (2016-2017) the retail sales increased by 3,6%, the services rendering – by 2.1 times, while in other sectors the turnover decreased (in procurement of agricultural products - by 10.0%, in industry - by 12.3%). The analysis of the Strategy implementing highlights the fact that not all the established actions were completed. In such a situation are needed joint efforts of all stakeholders, first of all of the employees, in order to realize the Strategy actions and to achieve its objectives.

## 5. Conclusions

For a century and a half since their establishment, Moldovan consumer co-operatives have been declared as one of the most viable segments in the field of cooperatives, and not only economically, but also socially, being among the few economic systems that integrate the economic and social mission.

To stay in the market and meet the challenges of the competitive environment, consumer co-operatives must change constantly. This concerns not only the modernization of the technical and material infrastructure, but, above all, the organizational and managerial optimization, the improvement of the legislative framework regulating the activity of the co-operatives, and the implementation of the innovations in this sphere.

The paper has analysed the main challenges encountered by the consumer co-operatives and their development tendencies, which allowed revealing the development strategic objectives of this

economic and social sector until the end of the decade. A special emphasis is put on adjusting the legislation on consumer co-operatives in force, specifying the nature of activities and patrimonial relations, the role of co-operatives in the modern economy in the light of international experience, ensuring a fair competitive environment for all economic agents, for the economic growth and so on. The visions and opinions outlined in the paper are open for discussion. We are receptive to suggestions, constructive proposals that would facilitate the identification of the best development solutions in the field of co-operatives.

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### **Rezumat**

*Cooperăția de consum a devenit un actor-cheie important al economiei naționale, în special al economiei sociale, aducându-și contribuția la dezvoltarea social-economică a țării, la dezvoltarea localităților, cu precădere a celor din mediul rural. Pe parcursul existenței sale de un secol și jumătate, acest sistem a cunoscut perioade de ascensiune și de declin, fiind influențată de o multitudine de factori. Și în prezent evoluția acestui sector se confruntă cu provocări de ordin intern, dar și extern, care devin o barieră în dezvoltarea intensivă și extensivă a cooperativelor.*

*Prezenta lucrare conține o viziune de răspuns la aceste provocări, fiind bazată pe evaluarea importanței, naturii și rolului cooperativelor în societatea modernă, a dimensiunii internaționale a sectorului cooperativelor, a semnificației cooperăției de consum din țară, pe analiza dimensiunii și tendințelor de dezvoltare a acestui sistem, a provocărilor cu care se confruntă. Toate acestea au permis punctarea orientărilor strategice de dezvoltare a cooperăției de consum în perioada până la sfârșitul deceniului prezent, implementarea cărora va dinamiza evoluția acesteia.*

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**Cuvinte-cheie:** cooperative, economie socială, provocări, strategie

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**Аннотация**

*Потребительская кооперация стала одним из основных ключевых игроков национальной экономики, особенно социальной экономики, благодаря вносимому вкладу в социально-экономическое развитие страны, в развитие населенных пунктов, преимущественно в сельской местности. За время своей полуторавековой деятельности эта система пережила периоды роста и спада, обусловленные многочисленными факторами объективного и субъективного характера. И сегодня эволюция данной отрасли сталкивается с различными вызовами как внутреннего, так и внешнего порядка, которые препятствуют интенсивному и экстенсивному развитию кооперативов.*

*В настоящей статье излагается ответная точка зрения на указанные вызовы, базирующаяся на оценке значения, природы и роли кооперативов в современном обществе, международных масштабов отрасли кооперативов, значимости потребительской кооперации страны, на анализе параметров и тенденций развития данной системы, а также вызовов, с которыми приходится сталкиваться. Все указанные аспекты позволили очертить стратегические ориентиры эволюции потребительской кооперации на ближайшее десятилетие, внедрение которых ускорит ее развитие.*

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**Ключевые слова:** кооперативы, социальная экономика, проблемы, стратегия

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