

DEVELOPMENT OF COOPERATIVES THROUGH THE ENTREPRENEURIAL ECOSYSTEM APPROACH

LARISA SAVGA

Habilitated Doctor, University Professor,
Department of Economy and Business Administration
Trade Co-operative University of Moldova
Dunarea de Jos University of Galati
Chisinau, Republic of Moldova
savga.larisa@gmail.com, larisa.savga@ugal.ro
ORCID ID: 0000-0002-9691-7475

GHENADIE SAVGA

PhD., Associate Professor,
Department of Management and Antrepreneurship
Academy of Economic Studies of Moldova,
Chisinau, Republic of Moldova
savga ghenadie@ase.md
ORCID ID: 0000-0003-3915-0359

Email addresses of corresponding authors: savga.larisa@gmail.com

Abstract: Cooperatives have become a key player in the social economy, contributing essentially to the improvement of population well-being and the development of communities and localities. They have demonstrated resilience in times of crisis and have shown that they can cope with contemporary societal challenges. Due to this, European institutions and international organizations advocate for the advancement of cooperatives as an effective business model and suggest that governments provide assistance to cooperatives and other social economy enterprises in achieving their socioeconomic objectives and executing development policies. Despite their increasing evolution, cooperatives have yet to fully realize their potential for economic growth and social inclusion. One of the main causes is the lack of a systemic approach to the problems faced by cooperatives, the internal and external factors that influence their activities, and their development prospects. In this regard, the application of an innovative approach in designing development strategies for cooperatives and their activities - the concept of the entrepreneurial ecosystem for cooperatives - will facilitate the transition towards a growth-oriented policy by leveraging the potential and contribution of all elements of the cooperative ecosystem.

The aim of this research is to assess the importance and role of cooperatives in contemporary society, to conceptualize the cooperatives ecosystem, and to use this approach in the strategic planning process for the development of the consumer cooperatives sector in the Republic of Moldova.

The research employed a diverse array of methodological tools, encompassing multiple approaches, methods, and techniques such as bibliographic documentation, analysis and synthesis methods, statistical and econometric methods, questionnaires, interviews, benchmarking, and others.

The application of the ecosystem approach in designing the development strategy for consumer cooperatives in Moldova until 2030 enabled the creation of a development policy focused on economic growth and well-being, based on innovation and the collaborative efforts of all stakeholders.

Keywords: cooperatives, entrepreneurial ecosystem, development strategies.

JEL Classification: M2, O21, L26

1. Introduction

Cooperatives constitute a significant segment of the national economy in numerous countries because of their economic and social impact. Consequently, they have emerged as one of the most widespread forms of economic activity that embody social values.

Recognizing the importance of cooperatives, the United Nations proclaimed 2012 the International Year of Cooperatives under the slogan “Cooperative enterprises build a better world”. This initiative significantly enhanced the visibility, recognition, and development of cooperatives.

Appreciating the role and contribution of cooperatives to the development of humanity and society, the UN General Assembly on June 20, 2024, declared 2025 as the International Year of Cooperatives, which will run under the same slogan. It is also worth mentioning that in 2016, UNESCO recognized cooperatives as an intangible cultural heritage of humanity due to the values they promote.

In the UN Secretary-General’s report “Cooperatives in Social Development” (UN, 2023a), it is acknowledged that despite member states recognizing cooperatives as key partners in sustainable development “they continue to play a relatively small part in overall economic and social policies and practice, compared with their huge potential contribution.”

The dynamization of cooperative development and the enhancement of their contribution to socio-economic evolution require new innovative approaches to the organization, functioning, and design of policies in this area. Although actions taken in recent years in this field have had a positive impact on the evolution of cooperatives, their potential and contribution to solving societal issues remain underutilized. One of the reasons, as experts assess, is the sequential, non-systemic approach (focused on policies, or on improving the legislative framework, or on financial support tools, etc.) to the development prospects of cooperatives at all levels (national, regional, sectoral), with the emphasis placed only on certain components that influence the functioning of the cooperative system. Existing approaches, focused on specific segments of the cooperative system or certain actions, such as stimulating the growth of the number of cooperative enterprises, developing framework conditions and forms of support, and creating favorable environments for starting businesses, have proven to be of limited effectiveness.

In this context, a new paradigm for cooperative development is necessary, one that embraces a systemic and innovative approach. One solution is the adoption of the ecosystem concept for cooperatives, which emphasizes collaboration among all stakeholders and fosters a shift in attitudes towards cooperatives.

From this perspective, the UN recommends that member states adopt the entrepreneurial ecosystem approach (UN, 2023b) to support cooperatives in their efforts to foster sustainable development and enhance economic and social well-being.

The concept of the entrepreneurial ecosystem is relatively new in recent research and is still in development. Currently, there is no unified vision or approach regarding the model of such an ecosystem, particularly in the case of conceptualizing a cooperative ecosystem.

For the cooperative sector, which combines economic activity with social responsibility - representing a specific form of business and being considered key actors in the social economy - a systemic approach to the sector’s future prospects becomes imperative.

However, when defining the concept of a cooperative ecosystem, it is essential to consider that cooperatives are part of the social economy, which differs from the traditional economy through the duality of its activities (economic and social). This duality influences the components that constitute the ecosystem and the relationships between them.

Understanding and designing a cooperative ecosystem is particularly important for the development of policy documents that ensure sustainable economic growth, social inclusion, community development, environmental protection, and responsible consumption and production.

2. Cooperatives development through the ecosystem approach

2.1. Cooperatives in a global economy: importance, scale, development strategies

Cooperatives represent a distinct dimension in economic and social activities at the international, national, and regional levels. According to the International Co-operative Alliance (ICA), cooperatives are defined as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (International Co-operative Alliance, n.d.). Cooperatives are characterized by a dual model based on both economic and social components, which are closely interconnected and mutually reinforce each other, thus contributing to the added value of the activities and services offered by cooperatives. They differ from other forms of economic organization. Recognized as key actors in the social economy, occupational policies, and inclusion, cooperatives can actively engage and make significant contributions to sustainable economic and social development due to their distinctive features: the foundation of their activities on principles, values, and ethics; the harmonious combination of economic and social activities for the benefit of their members and communities; their omnipresence across geographic dimensions (local, regional, international, global); the diversity of economic activities (production, agriculture, trade, banking, insurance, pharmaceuticals, forestry, renewable energy, etc.) and social activities (education, employability, community care); and the variety of cooperative types.

Given the role cooperatives play in society and the benefits they offer to members, employees, and the community, they have experienced consistent growth worldwide, involving an increasing number of members and stakeholders, including authorities responsible for developing growth policies.

According to data from the International Co-operative Alliance, cooperatives represent about one billion members globally, and approximately 280 million employees are engaged in cooperative activities. They account for 10% of all jobs worldwide (International Co-operative Alliance, n.d.).

The significance of cooperatives is also increasing within the European Union. Approximately 250,000 cooperative enterprises operate in the EU, owned by 163 million members. European cooperatives provide jobs for 5.4 million people and contribute, on average, about 5% to the GDP of each member state (Cooperatives Europe, n.d.).

An important sector of the cooperative movement is that of consumer cooperatives. The European Community of Consumer Cooperatives (EuroCoop) brings together 30 million

consumer members (or 21.3% of the total membership in Europe), employs 750,000 people (14.9%), and operates through 94,000 sales points (EuroCoop, n.d.).

Globally, the cooperative system integrates approximately 12% of humanity. The annual turnover of cooperative businesses reaches 2.6 trillion US dollars, ranking the cooperative business at the respectful 10th place among the top developed economies in the world. (Central Cooperative Union - Bulgaria, n.d.).

These figures demonstrate the scale and importance of cooperatives and the organizations representing them in the global and European economic and social systems. The importance of cooperatives is recognized and supported globally. In numerous international documents, such as UN resolutions (UN, 2023a, 2023b; UN, 2023, etc.), European Parliament resolutions, European Commission Communications (European Parliament, 2013; European Commission, 2021), and recommendations from international organizations (International Labour Organization, 2002; 2019), the role and impact of cooperatives on societal development are highlighted. Cooperatives are noted to be more resilient to economic crises compared to traditional businesses and can respond more effectively to challenges. In this context, governments are encouraged to support cooperatives by improving the legislative and regulatory framework to create a favourable environment for their development. Additionally, they should implement policies and programs that leverage the cooperative business model, promote the exchange of best practices to raise public awareness of cooperatives, and enhance the capacity to collect comprehensive and comparable international data on the role of cooperatives in economic and social development, as well as their contribution to the Sustainable Development Goals.

However, the level of cooperative sector development varies across different regions and countries. This depends on the context in which cooperatives operate, the challenges they face, the policies promoted, the degree of support from authorities, the cooperative culture, and the public's awareness of the importance of this business model, among other factors.

To support and stimulate cooperative development globally, the International Cooperative Alliance General Assembly adopted the strategic plan “A People-Centered Path for a Second Cooperative Decade 2020-2030” (approved in 2020), which represents a worldwide strategic plan for the cooperative movement. This plan sets an ambitious goal - a cooperative business model to become: the acknowledged leader in economic, social, and environmental sustainability; the model preferred by people; the fastest-growing form of enterprise. Achieving this goal requires the development of national policies that address both global and local challenges while driving the innovative, inclusive, and sustainable development of cooperatives.

The consumer cooperatives system in the Republic of Moldova is proud to be part of the international cooperative community, having joined the International Cooperative Alliance in September 1993. Through this membership, Moldova has committed to adhering to international cooperative principles and sharing cooperative values.

2.2. The context and challenges of the Moldovan consumer cooperatives development

In the Republic of Moldova, cooperatives have historically played a significant role in the country's economic system, particularly up until the 1990s. However, with the transition to a

market economy characterized by competition, cooperatives experienced a decline in their market position due to both external and internal factors, such as managerial inefficiencies and challenges in adapting to the new economic environment. Although subsequent efforts were made to revitalize the cooperative sector, they have not achieved the previous levels of market share or influence. Over time, the legal framework surrounding cooperatives has evolved, leading to the emergence of new cooperative forms, including entrepreneurial cooperatives. Despite these developments, consumer cooperatives remain the most widely recognized and prevalent form.

Throughout its more than 155-year history, consumer cooperation in Moldova has experienced various phases of growth and decline but has managed to remain part of the country’s economic system. Currently, the consumer cooperative system has approximately 56,000 members, 118 economic entities, including 74 consumer cooperatives, 1,344 retail units, 144 public catering units, and 21 markets. Cooperative entities provide a wide range of services, including retail and wholesale trade, the acquisition of agricultural and animal products, their processing, and the provision of various services such as education, market, and public catering services. They primarily serve members and the communities within their area of operation, encompassing about 57% of the country's population. Over the last decade, the cooperative system has experienced stable development with slight growth.

Nevertheless, cooperatives face numerous endogenous and exogenous challenges. The COVID-19 pandemic, the ongoing regional conflict, and the energy crisis have had a significant impact on the activities of cooperative organizations and enterprises, leading to adverse effects on their economic and financial performance. Cooperative entities primarily operate in rural areas, serving small or remote communities that are often disregarded by traditional businesses due to low profitability. Despite these challenges, consumer cooperatives remain committed to fulfilling their mission of providing goods and services to their members in these regions. However, their efforts are frequently hindered by insufficient support from local public authorities and a lack of effective collaboration.

The analysis of the operating context of consumer cooperatives has highlighted also other constraints faced by this system, including:

- imperfections in the legislative and regulatory framework governing consumer cooperatives and its alignment with other normative acts;
- unfair competitive environment for all economic actors operating in the domestic market;
- decreased income levels and purchasing power of the population served;
- regressive demographic trends, population migration, including the migration of economically active labour, and decreasing demand at both local and national levels;
- declining market positions in key economic activity sectors;
- low profitability in some economic activities, primarily due to the social nature of cooperative services;
- insufficient financial resources for implementing large-scale programs for infrastructure modernization, upgrading technology, and expanding operations;
- reduced engagement of cooperative members in supporting and developing cooperatives due to a lack of effective economic and social motivation mechanisms;

- underestimation by public authorities of the role that the consumer cooperative system plays in implementing state social policies and a lack of support for cooperative activities with social relevance in economically unprofitable localities;
- weak cooperation between cooperatives and with other types of cooperatives;
- resistance to structural and managerial optimization within the cooperative system, along with insufficient promotion of territorial (geographical) and economic integration processes;
- a slow pace of innovation in cooperative processes;
- lack of attractiveness for internal and external investments in the cooperative system;
- limited interest from young people in joining consumer cooperatives, among others.

Global challenges and internal needs for change necessitate a rethinking of the operational and management structures of the consumer cooperative system in the country, including its various sectors and forms of activity, as well as its relationships with members and stakeholders. Furthermore, there is a need to develop the legislative framework and align it with EU acquis, redefine the role of the state in relation to consumer cooperatives, and reconstruct the image of cooperatives within society. All these factors call for new development policies for cooperatives based on systemic and complex approaches in order to respond promptly to current and future challenges in a constantly changing world. In this regard, we believe that the development of a cooperative ecosystem that considers the duality of cooperatives (both an economic and a social component) and it is based on the integration of entrepreneurial ecosystem and social enterprise ecosystems approaches would provide an innovative vision for the development of consumer cooperatives and a fundamental premise for designing evolutionary strategies in this domain.

2.3. Applying the ecosystem approach for the development of cooperatives

The entrepreneurial ecosystem approach presents a key way to support cooperatives in realizing their full growth potential, enhancing their capacity to support sustainable development and improve economic and social well-being, as mentioned in the UN Secretary-General's Report "Cooperatives in Social Development" (UN, 2023a).

According to research, the entrepreneurial ecosystem is defined as „a set of interconnected entrepreneurial actors (both potential and existing), entrepreneurial organisations (e.g. firms, venture capitalists, business angels, banks), institutions (universities, public sector agencies, financial bodies) and entrepreneurial processes (e.g. the business birth rate, numbers of high growth firms, levels of 'blockbuster entrepreneurship', number of serial entrepreneurs, degree of sellout mentality within firms and levels of entrepreneurial ambition) which formally and informally coalesce to connect, mediate and govern the performance within the local entrepreneurial environment" (Mason & Brown, 2014).

The implementation of the entrepreneurial ecosystem facilitates the transition from classical entrepreneurial policy to a growth-oriented policy. Moreover, the development of entrepreneurial ecosystem strategies constitutes a new paradigm of economic development.

Currently, several models of the entrepreneurial ecosystem are known, reflected in various research, policies, and declarations from international organizations. However, most converge toward the model proposed by Daniel Isenberg (Isenberg, 2011), which has become the most

commonly used. Referring to the general concept of the entrepreneurial ecosystem, Isenberg identifies six general domains within the entrepreneurial ecosystem: (1) a favorable culture, (2) supportive policies and leadership, (3) availability of adequate financing, (4) quality human capital, (5) friendly risk markets for products, and (6) a range of institutional supports. All these domains include a multitude of elements that interact with each other in various ways. Implementing such a system means a shift from specific enterprise interventions to more holistic activities focused on building new institutional capacities, converging priorities, developing networks, and promoting synergies among various stakeholders.

In the report “Cooperatives in Social Development” (UN, 2023a) are identified and characterized five key elements of an entrepreneurial ecosystem that could be relevant for fostering a cooperative ecosystem: legislation, policies and institutions of support to cooperatives; education and capacity-building; cooperative culture; funding and finance; networks and partnerships. However, these elements are primarily examined through the lens of supportive policies provided by authorities.

We believe that the dual nature of cooperative activities (economic and social) have to be taken into account when conceptualizing a cooperative ecosystem. This leaves its mark on the components that constitute the entrepreneurial ecosystem for cooperatives and the relationships between them. In this sense, we consider it appropriate to use both concepts – entrepreneurial ecosystem and ecosystem for social enterprises – in the conceptualization of the cooperative ecosystem.

The term ecosystem has recently penetrated the field of social economy. A vision of the ecosystem for social enterprises is presented in the European Commission’s report “A map of social enterprises and their eco-systems in Europe” (European Commission, 2015). This report introduced the concept of an ecosystem for social enterprises, focusing on six characteristics considered important for the support policy framework in this field: legal framework; social investment market; impact measurement and reporting system; networks and mutual support mechanisms; specialist business development; certification systems, marks and labels. The report includes a mapping of social economy enterprises at the European level and serves as an important study for designing European policies for the development of social entrepreneurship. In another study, “Social enterprises and their ecosystems in Europe. Comparative synthesis report” (European Commission, 2020), four pillars are highlighted on which the social enterprise ecosystem should be based: citizens’ ability to self-organise; the degree of visibility and recognition enjoyed by social enterprises at different levels; the capacity to access different kinds of resources; research, education and skills development. The ecosystem of social entrepreneurship is specific due to the hybrid nature of social enterprises, which is also characteristic for cooperatives, the most relevant actors in the social economy.

Therefore, we consider that for the field of cooperatives, the optimal solution would be to combine both concepts: entrepreneurial ecosystem and ecosystem for social enterprises, and to develop a model of an ecosystem adapted to the specific characteristics of cooperatives. Based on the research conducted, such a model has been developed, which includes all relevant actors (cooperatives, stakeholders, partners) and the relationships between them, as well as the development of networks. Moreover, it reflects the internal factors that influence the potential

and evolution of cooperatives, the external environmental factors impacting the cooperative system, and the connections with other ecosystems. Understanding and modelling the cooperative ecosystem is important for designing development policies for cooperatives.

The establishment and development of a cooperative ecosystem, oriented towards economic growth and social well-being, requires joint and synergistic efforts from all actors within the cooperative ecosystem, the establishment of a relational system that supports partnership, innovation, the development of new businesses, stimulates investment, and the efficient use of resources, as well as the development of human capital.

The cooperative ecosystem offers numerous benefits to members, businesses, and society by creating jobs, encouraging innovation and competitiveness, attracting investments, facilitating the exchange of knowledge and experience, and generating positive societal effects over the long term.

2.4. Designing the development policy of consumer cooperatives development based on the cooperative ecosystem approach

The approach and model of the ecosystem for cooperatives mentioned above have been used for designing the Strategy for the Development of Consumer Cooperatives in the Republic of Moldova for the period 2025-2030.

This strategy was developed using a comprehensive methodology that included the evaluation of relevant national development policy documents, an analysis of the current state and evolutionary trends within the cooperative system, of the international strategies related to cooperatives, and national and sectoral development priorities aligned with our country's European integration efforts. Additionally, public consultations with stakeholders were conducted. As a result, four strategic priorities for the development of the consumer cooperative sector were identified. For each of these priorities, specific strategic objectives and actions aimed at realizing the vision and mission of the Strategy were outlined, along with the expected outcomes (Table 1).

Table 1 Strategic priorities for the development of consumer cooperatives in the Republic of Moldova and expected outcomes

Nr.	Strategic priorities	Expected outcomes
1.	Creating a favourable environment for the development of consumer cooperatives.	Recognition and promotion of the identity of cooperatives; enhancement of the regulatory framework and its alignment with European legislation, including amendments to Consumer Cooperative Law 1252/2000; transfer of international best practices, including European ones, to the national cooperative sector; increased interest in cooperatives and a growing number of cooperative members; establishment of regional cooperatives; enhancement of the visibility of cooperative brands; digitization of business and communication processes; creation of integrated cooperative structures (trade, procurement); optimization of the management system; development of a motivating system for

		attracting domestic and foreign investments; establishment of an internal audit service; utilization of European funds for cooperatives; robust human resources; and increase the number of young people engaged in cooperatives.
2.	Integration, development, and infrastructural modernization; technological innovation.	The establishment of regional-sectoral structures; modernization of cooperative infrastructure in line with modern technologies; accessing development funds for cooperatives from external sources, including European sources; establishment of an effective member motivation system for investments in the development of cooperatives; increasing economic efficiency; growth of innovative and competitive cooperative products and services; implementation of the circular business models and optimization of resource consumption; increasing investments in green and digital technologies, digitization of business processes; contribution to achieving the SDG – responsible consumption and production through the implementation of sustainable practices; establishment of an integrated cooperative information system; creation of microfinance structures.
3.	Diversification of activities, promotion of efficient services to members and other categories of beneficiaries, bringing them closer to consumers.	Products and services offered by consumer cooperatives that are diverse and of high quality; the development of subsectors related to traditional activities (service provision, maintenance, repairs, etc.); increasing the number of members involved in cooperative business activities; responsible participation of members in the governance of cooperatives; the establishment of an efficient system for informing members and communicating with them, including collecting feedback for the continuous improvement of consumer cooperative services; improving property relations; a strengthened, visible, and attractive brand for cooperative products/services; and the implementation of consumer loyalty programs.
4.	Multidimensional cooperation.	Strengthening collaboration within the consumer cooperative ecosystem; establishing an efficient cooperation system among consumer cooperative entities throughout the country, resulting in the sharing and rational use of resources, the establishment of common structures for business organization, and the optimization of business management; alliances created with partners from non-cooperative sectors; establishment of regional cooperative hubs; development of business partnerships with cooperative organizations abroad; a strengthened system of effective collaboration with central and local public authorities, including financial and fiscal support actions for cooperative activities in areas of socioeconomic interest of the state;

		cooperation with cooperatives from other sectors; new partnerships and collaboration with development partners, support organizations, and financing bodies for entrepreneurial activities, and professional organizations.
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Source: elaborated by the authors.

These priorities with the associated strategic objectives and actions were incorporated in the Strategy for the Development of Consumer Cooperatives in the Republic of Moldova for the period 2025-2030. It is estimated that as a result of the actions undertaken, retail sales will increase annually by 3-5%, wholesale sales by 5-7%, product procurement by 5-10%, goods production by 3-4%, services provision by 7-12%, revenues will increase by 3-5%, and net profit will rise by 7-10%.

The implementation of the Strategy will have economic, social, and environmental impacts. Its realization will contribute to solving societal issues such as poverty reduction and increased well-being, employability, improving the quality of life for members and other beneficiaries, and developing communities.

3. Conclusion

As part of the social economy, cooperatives play an important role in contemporary society by contributing to employment, fostering community and locality development, meeting the diverse needs of their members and the population within their area of activity, and supporting the achievement of sustainable development goals, among others.

The cooperative sector is continuously growing and expanding. However, its potential is not fully utilized. Strategies for economic growth and social inclusion are necessary to place cooperatives on a new trajectory of evolution. The cooperative ecosystem approach offers a new and distinctive perspective for designing development policies for this sector.

This paper emphasizes the role and dimension of cooperatives in the contemporary socioeconomic system, argues for the opportunity to apply the ecosystem approach to the development of cooperative policies, analyses concepts related to the entrepreneurial ecosystem and the ecosystem for social enterprises, and argues the necessity of a distinct approach for cooperatives considering their dual nature (an economic component and a social one). Based on the research conducted, a cooperative ecosystem has been conceptualized, and a model for such an ecosystem has been developed.

Using the concept and model of the cooperative ecosystem proposed by the authors, the Strategy for the Development of Consumer Cooperatives in the Republic of Moldova has been developed for the period up to 2030, which was approved by cooperative authorities (September 2024) and is currently being implemented. The strategy and the actions of cooperatives focus on building and developing the cooperative ecosystem in the country to support their innovative economic growth and efficient operation.

