

TRADE CO-OPERATIVE UNIVERSITY OF MOLDOVA

ISSN 2345-1424

ISSN 2345-1483

**Journal of Research
on Trade, Management and Economic Development**

VOLUME 2, ISSUE 1/2015

Chisinau - 2015

Editorial Board:

Oxana LIVITCHI, Associate Professor, PhD – Deputy Editor

Viorica FULGA, Associate professor, PhD

Simion MORARU, Associate professor, PhD

Claudia TCACIUC, Associate professor, PhD

Technical Board:

Tatiana LUCINSCHI – English editing and consulting

Ion COJOCARU – Copy editing and typesetting

Roman CAMERZAN – Cover design

The Journal of *Research on Trade, Management and Economic Development* comprises articles related to various topics of economy, commerce and management, focusing on the relationship between trade and economic development at national and international levels.

This volume contains the results of research conducted within the institutional applied research Project „Domestic trade and consumer cooperatives development in the context of economic integration of the Republic of Moldova in the European Community” (code 15.817.06.28A).

The electronic version is available at <http://jrtmed.uccm.md/index.php/en>.

CIP Description of the National Book Chamber

Trade Co-operative University of Moldova. Journal of Research on Trade, Management and Economic Development/MOLDCOOP. Larisa Savga (Editor-in-Chief). – Chisinau: UCCM, 2015. Volume 2, Issue 1. – 2015. – 122 p.

ISSN 2345-1424, ISSN 2345-1483

Text: in English.

Abstract and keywords: in English, Romanian and Russian.

Responsibility for the content of printed materials lies entirely with the authors.

In the hope of a lasting fruitful cooperation, the Editorial Board gratefully thanks the partner institutions and persons who contributed to the publication of this volume.

ISSN 2345-1424 (P)

ISSN 2345-1483 (E)

Journal of Research on Trade, Management and Economic Development
VOLUME 2, ISSUE 1/2015

Board of Advisors

Larisa SAVGA

Professor PhD, Trade Co-operative University of Moldova – Editor-in-Chief

Ion VERBONCU

Professor PhD, Bucharest University of Economic Studies (Romania)

Henry HAGEN

Professor PhD, Ruralia Institute, University of Helsinki (Finland)

Victor APOPII

Professor PhD, Lviv Academy of Commerce (Ukraine)

Panaite NICA

Professor PhD, Alexandru Ioan Cuza University (Romania)

Alexandru STRATAN

Professor PhD, National Institute for Economic Research (Republic of Moldova)

Isobel M. FINDLAY

Associate professor PhD, Edwards School of Business, University of Saskatchewan (Canada)

Marius-Dumitru PARASCHIVESCU

Professor PhD, George Bacovia University of Bacau (Romania)

Alexei NESTULEA

Professor PhD, Poltava University of Economics and Trade (Ukraine)

Vladimir KRIWOSCHEJ

Professor PhD, Russian University of Co-operation (Russian Federation)

Erkara AIMAGAMBETOV

Professor PhD, Karaganda Economic University of Kazpotrebsoyuz (Kazakhstan)

Tatiana PUIU

Professor PhD, George Bacovia University of Bacau (Romania)

Marieta OLARU

Professor PhD, Bucharest University of Economic Studies (Romania)

Domagoja BULJAN-BARBACA

Associate professor PhD, University of Split (Croatia)

Elisaveta TARASOVA

Professor PhD, Belgorod University of Co-operation, Economy and Law (Russian Federation)

Zuhui HUANG

Professor PhD, China Academy for Rural Development, Zhejiang University (China)

Iulia DOITCHIOVA

Professor PhD, University of National and World Economy, Sofia (Bulgaria)

Olga COTOMENKOVA

Associate professor PhD, Saint-Petersburg State University of Economics (Russian Federation)

Ala COTELNIC

Professor PhD, Academy of Economic Studies of Moldova

Victoria GANEA

Associate professor PhD, National Council for Accreditation and Attestation

Journal of Research on Trade, Management and Economic Development
VOLUME 2, ISSUE 1/2015

***Welcome to the Journal of Research on Trade, Management and
Economic Development***

The Journal of Research on Trade, Management and Economic Development (JRTMED) focuses on theoretical, applied, interdisciplinary and methodological researches in all areas of economics, trade, management and, more significantly, on various interrelationships between trade and economic development at national and international levels.

JRTMED was set out to promote research and to publish information on the achievements in all areas mentioned above and to provide a way for researchers, academics, policy makers, business practitioners and representatives of co-operatives to exchange views and share information and new ideas.

The goal of JRTMED is to disseminate knowledge, to promote innovative thinking, intellectual discussions, research analyses and pragmatic studies including critiques regarding a wide area of economic sciences, as well as to facilitate communication between academics, research experts, policy makers, business practitioners, members of co-operatives, government agencies and executive decision makers.

JRTMED Editorial Board is inviting researchers, doctoral students, teaching staff and professionals from the real sector of economy to collaboration, exchange of experience and dissemination of the achieved research results.

Editorial Board

More information about the Journal of Research on Trade, Management and Economic Development can be found on the journal's homepage <http://jrtmed.uccm.md/index.php/en>.

Contents

THE ANALYSIS OF NATIONAL LEGAL PROVISIONS' COMPLIANCE IN THE DOMAIN OF COMPETITION FOR THE DEVELOPMENT OF AN EFFICIENT MARKET ECONOMY	Page 7
Olga BULMAGA Liliana DANDARA Svetlana MUSTUC Simion MORARU	
DIGITAL PLATFORMS – SUPPORT TOOLS FOR THE STUDY PROCESS	15
Larisa BUGAIAN	
FUNCTIONS OF GOODS ASSORTMENT MANAGEMENT IN RETAIL TRADE NETWORK	21
Tudor MALECA	
THE ASSESSMENT OF REGULATIONS IMPOSED ON ENTERPRISES' COMPETITION ON THE MARKET OF THE REPUBLIC OF MOLDOVA	26
Sergiu PETROVICI Svetlana MUSTUC	
THE FORMATION OF THE INSTITUTIONAL ENVIRONMENT OF RURAL TRADE	33
Hennadiy APOPIY	
ANALYSIS OF COMPETITION IN THE INSURANCE MARKET OF THE REPUBLIC OF MOLDOVA	38
Elena FUIOR Natalia BEJENAR	
ABOUT PROTECTION THE RIGHTS OF CHILDREN AND YOUNG PEOPLE IN THE LAWS OF DIFFERENT COUNTRIES	49
Elena PEVTSOVA	

Journal of Research on Trade, Management and Economic Development
VOLUME 2, ISSUE 1/2015

DESIGNING A MODERN INFORMATION SYSTEM OF UNIVERSITY MANAGEMENT: THE EXPERIENCE OF KHMELNITSKY NATIONAL UNIVERSITY	Page 63
Constantin BEL'OVSKY	
APPROACHES TO TRANSITION TO NEW NATIONAL ACCOUNTING STANDARDS IN NON-PROFIT ORGANIZATIONS	70
Ina MALECA Djulieta PRODAN	
FINANCIAL ASSESSMENT METHODS FOR OPERATIONS MANAGEMENT FOCUSED ON REGULATED RIGHT AND REGULATED DEBT	77
Octav VOCHITA	
ASPECTS OF THE DEVELOPMENT OF PROCUREMENT AND PROCESSING ACTIVITY IN CONSUMER COOPERATION OF THE REPUBLIC OF MOLDOVA	86
Claudia MELINTE Elena GRAUR Irina COSNICEAN Simion MORARU Mariana SMOLEVSCAIA	
EUROPEAN MECHANISMS OF VAT TAXATION AND THEIR IMPLEMENTATION IN TAX AND ACCOUNTING PRACTICE OF THE REPUBLIC OF MOLDOVA	95
Viorica NACU	
ECONOMIC FEATURES OF THE NOWADAYS NETWORK	103
Galina CARAGANCIU	
ACCOUNTING TREATMENT OF FINANCIAL DEBTS	111
Viorica FULGA Elena PARPULOV Valentina ARNAUT	
NOTES FOR AUTHORS	121

THE ANALYSIS OF NATIONAL LEGAL PROVISIONS' COMPLIANCE IN THE DOMAIN OF COMPETITION FOR THE DEVELOPMENT OF AN EFFICIENT MARKET ECONOMY

Olga BULMAGA, PhD,

S. C. „Tritex-Stil” S.R.L.

E-mail: bulmaga.olga@yahoo.com

Liliana DANDARA, Assoc. Prof., PhD,

Trade Co-operative University of Moldova

E-mail: lilianadandara@gmail.com

Svetlana MUSTUC, Assoc. Prof., PhD,

Trade Co-operative University of Moldova

E-mail: svetlana.mustuc@mail.ru

Simion MORARU, Assoc. Prof., PhD,

Trade Co-operative University of Moldova

E-mail: moraru42@mail.ru

JEL classification: K20

Abstract

The legislation of the Republic of Moldova on competition is fairly recent, unlike the EU legislation, which is acting for over five decades. The adoption of the new law on competition nr.183 / 2012 triggered the competition's reform process in the Republic of Moldova and, implicitly, of the takeover of the Community Acquis. The implementation of commitments made by the Republic of Moldova on the harmonization of legislation with the EU as well as the need to remove shortcomings, led to the development of a new Law on Competition, a process that ended with the adoption of law on July 11th 2012. Thus, the Law on competition nr. 183 of 11.07.2012 expressly states in its preamble the implementation of art. 101-106 of the Treaty on the Function of the European Union of March 25, 1957, the provisions of EC Regulation nr. 1/2003 of December 16, 2002 on the implementation of the rules on competition provided in Articles 81 and 82 of the Treaty, published in the Official Journal of the European Union nr. L 1 of 4th January 2003.

Keywords: law, market behavior, agreements, protection of competition, anti-competitive practices, regulation.

1. Introduction

Resulting from the fact that the applicability of the competition rules of Community law is related to the economic nature of the activity and not to the quality of the operator or in the form in which it occurs on the market, it is stated that there can be considered as entities companies, cooperatives and groups of economic interest, members of liberal professions, associations, foundations and trade unions as well as central and local public administration authorities in cases when they directly involve in market operations, without thereby exercising prerogatives of public authority.

2. The degree of investigating the problem

Competition occurs as a stimulus and regulator of the activity of enterprises. It requires companies to further development of the production process, to raising production quality and reducing its price and, ultimately, to raise the level of social welfare. As a result, protection of competition is one of the basic tasks of legal regulation of business activity. The aim of the research is the analysis of the provisions relating to competition, finding gaps and uncertainties related to legal anticompetitive practices and legal and organizational measures as well as of the incompatibilities of national regulations with Community competition law.

3. Applied methods and material

In the research we relied on the study of doctrinal, legislative and practical materials. The complexity of the problem led to the application of general and legal scientific methods. The comparative method is for the given research an essential element.

4. Results and discussions

The analysis of national regulations on competition shows that the latter is in permanent improvement. In terms of regulations' evolution on international competition there operate two models. The American model, which formally prohibits any monopolies, having a punitive and deterrent behavior in the future. This model, however, together with the promotion of efficiency criteria and the application of the rule „rule of reason” at assessing the compatibility of trade practices, of the competitive legislation's objectives, reduces from the exactness, the practices being considered anticompetitive by their form.

The second model is the European one, the basic role of which is played by the *ex ante* notification of possible anticompetitive practices. The first rules on competition within the European Community were introduced in the Rome Treaty in 1957, which provided the basic principles in art. 3 (f), according to which „competition at the level of Common Market should not be distorted” [9]. The implementation of this principle was found in art.85-89 of the Treaty, which provided any prohibitions of agreements between businesses, any decisions of enterprises' associations and any concentrated practices which may affect the trade between the Member States and which have as their object or effect the prevention, restriction or distortion of competition within the internal market, and, as well as, the prohibition of abusive use by one or more companies of a dominant position on internal market or on a substantial part of it. These provisions remained in force up to present, the only change being the number of the article. In the consolidated version of the European Union's Operation Treaty of 2012, the norms on competition are provided by art. 101-106. For the application of competition norms there were adopted several regulations by the EU Council and the European Parliament as well as by European Commission's Communications.

The legislation of the Republic of Moldova in the domain of competition, taking into account the preamble of Law nr. 183/2012, can be assigned to the European model. Despite the reduced time of national law on competition, it has been constantly perfecting and is now the Law nr. 183/2012 which is in force, being the third one.

The first legal rules which regulated the field of competition were provided by the Government's Decision of Moldova SSR nr. 2 of 04.01.1991 on urgent measures of demonopolization of the national economy of Moldova SSR [2], condemning the monopoly activity and supporting the development of the competition spirit.

According to point 2 of the Decision nr. 2 of 04.01.1991 [2], to achieve the measures aimed to prevent, limit and suppress monopoly activities, the following basic principles should be taken into account:

1. The prohibition of economic subjects with a dominant position on the market:
 - limitation or suspension of goods, as well as their removal from the circuit to keep the deficit or to cause high prices;
 - rejection of some contracts on carrying out works and services, when they have real possibilities of production and selling;
 - constraint of partners to include in the contract the adverse conditions which are not the subject of this transaction (request for submission of raw materials, materials, items, houses, apartments, including in the contract some goods which are difficult at selling; groundless demands on the transmission of some resources, including foreign currency; abuse of some beneficiary workforces, etc.).

As dominant outlets on the market there were classified enterprises which share is over 70 percent of the goods on the market. The economic agents, which share of sales constitute from 35 to 70 percent, are treated differentially, depending on their possibilities to influence, in each case separately, upon the general conditions of selling the goods, works or rendering services on the market from concrete zones (in the republic, district, town etc.);

2. Preventing the illegal agreements of economic agents that would prevent normal functioning of the market, the development of the competition which would harm the interests of the society and those of the citizens.

There were deemed illegal the agreements and unilateral actions of economic subjects oriented towards the market's division in order to limit competition, to exclude or to limit on the market other economic agents as scorers and buyers, in order to limit or suspend the production, growth, decrease or maintenance of prices artificially to get high unfounded profits or remove competitors. Such agreements were admitted only with the approval of the Ministry of National Economy of the Moldova SSR in case when they contribute substantially to lower the production costs and goods' circulation, introducing scientific-technical achievements, bringing more efficiently the goods on external markets or optimizing the purchases from abroad, taking into account the measures to protect the internal market of Moldova SSR;

3. Preventing the monopolization in the operation process with securities, by prohibiting:
 - purchasing (ownership) by the enterprise, which production (works, services) accounts for over 20 percent of the entire sales of a particular product (work, service), of the shares of other companies that carry out a similar activity;
 - purchasing (ownership) by any legal entity or individual in possession of controlling share of the company and its products (works, services) account for over 20 percent of the entire sales of a particular product (work, service), the control package of shares of another company that carries out similar activity.

The ambiguous content of provisions of the Decision nr. 2 of 04.01.1991 [2], in terms of anti-competitive practices, has been exposed more clearly with the adoption on January 29, 1992, of the Law of the Republic of Moldova on Limitation of the Monopoly Activity and developing the competition nr. 906 - XII [7].

So, the Law nr. 906 - XII of 29.01.1992 [7] expressively indicates in art. 3 the prohibition of abuses of dominant market's situation, supplying their list, exposed in Decision nr. 2 of 04.01.1991 [2], with the following:

- Including in the contract some discriminatory conditions against the agent who puts in a disadvantageous situation other businesses;
- Constraining a contractor to sign a contract with certain clauses regarding the goods, in which the contractor (consumer) is not interested;
- Creating obstacles to enter the market for other economic agents;
- Violating the formation of goods' prices, established by the legislation.

The Law nr. 906 - XII of 29.01.1992 [7] considers as dominant the situation of the operator, if its share exceeded 35 percent on the market, unlike the previous regulation, which called for holding 70 percent of the volume of goods on market, in other cases the situation of the economic agent was assessed differently, depending on its possibility to influence the general conditions of selling goods.

The regulation of anticompetitive agreements in the Law nr. 906 - XII of 29.01.1992 [7] held by splitting them into: agreements concluded between competitive and non-competitive businesses. The coordinated actions were also individualized by a variety of anticompetitive agreements.

Unlike the decision nr. 2 of 04.01.1991 [2], the law forbids and considers invalid as a whole or partially only agreements (coordinated actions) between businesses which have together a dominant place on the market and do not admit their excluding by the Ministry of Economy.

Also, art. 4 of the Law nr. 906 - XII of 29.01.1992 [7] considers, in addition that except the division of the market as illegal and agreements which:

- eliminate from the market or limit the market's access of other businesses as a seller of certain goods or their buyers;
- stabilize (maintain) prices, tariffs, discounts, supplements for the infringement interests of competitors.

Along with preventing the abuse of dominant entity on the market and the prohibition of anti-competitive agreements, the Law nr. 906 - XII of 29.01.1992 [7] provides for measures to prevent anti-competitive practices and control over the creation and economic transformation of economic agents, and control over the observance of antimonopoly legislation at purchasing shares, contributions, shares in the social capital of economic agents. It should be noted that the only measure of limiting the monopoly activity under the Law nr. 906 - XII of 29.01.1992 [7] was attributed to the Government, namely, to force separation of those businesses involved in the monopoly activity and limits the competition, if any one or more of the following conditions are present:

- The ability to isolate the structural subdivisions from the organizational and territorial points of view;
- Lack of a tight technological interaction between structural subdivisions (especially if the internal circulation in total global production's entity is less than 30 percent);

- The possibility of delimitating spheres of activity of the structural subdivisions within a narrow specialization in the production of certain goods.

At the same time it should be mentioned that both the declarative nature of the Law nr. 906 - XII dated 29.01.1992 [7], as well as the lack delimitating the basic concepts: competition, dominant situation, economic agents, and market of goods, led to the adoption of Government's Decision nr. 619 of 05.10.1993 on some legislative acts concerning the implementation of the mechanism of accomplishing the Law „On limitation of the monopoly activities and development of competition” [3], by which there was approved the Regulation on considering the procedures for creating and transforming unions of enterprises, enterprises with considerable foreign investments, procurement of activities, contributions of securities and allowances under the legislation in force, the Regulation in the State Register of economic –monopolist agents operating on the market of the Republic of Moldova, Regulations on the examination of cases concerning violations of the antimonopoly legislation. However, according to the authors E. Stuart and A. Mateus [8], there is little public information that would indicate any significant achievements or coercive practices during this early legislation on competition.

With the entry into force on July 1, 1998, of the Partnership and Cooperation Agreement between the European Community and its Member States, on the one hand, and the Republic of Moldova, on the other hand [1], it was necessary to modernize the law on competition, which materialized in the adoption on June 30, 2000, of the Law on protecting the competition nr.1103-XIV [5]. Although, it came into force on 31.12.2000, the Law on protecting the competition nr.1103- XIV has found the application *de facto* consequently with the organization of National Agency on Protecting the Competition by adopting the Parliament Decision nr. 21-XVI of February 16, 2007 [4].

It is saluted that some issues that didn't exist in the Law nr. 906 - XII of 29.01.1992 [7], are now present in Law nr. 1103-XIV of 30.06.2000 [5], regarding the delimitation of basic categories: competition, economic agent, and trader, market of goods, merchandise, and dominant position on the market.

The Law on protecting the competition nr. 1103-XIV of 30.06.2000 [5], as well as the previous law, is based on the principle of prohibition of anticompetitive practices by prohibiting the abuse of dominant position (art. 6) and anti-competitive agreements (art. 7). However the Law 1103/2000 has a broader content, art. 6, for example, prohibiting abuses both on behalf of the entity holding a dominant position individually, as well as abuses of economic agents who maintain a collective dominant location. There have also been introduced in the art. 6, in addition to the existing ones prohibited manifestations of abuse of a dominant position, such as: setting restrictions on resale prices of goods; establishing low monopoly prices (dumping); establishing high monopoly prices; giving up unjustified refusal to conclude contracts with some buyers (beneficiaries) when there is the possibility of producing or delivering the goods.

Regarding the anti-competitive agreements, Law nr. 1103/2000 [5] highlights three categories: horizontal agreements, vertical agreements and conglomerates. Besides the considered anti-competitive agreements mentioned by the Law nr. 906 - XII of 29.01.1992 [7], art. 7 of the Law nr. 1103/2000 [5] also provides the following: increase, decrease or maintenance of prices at auctions; conducting auctions in collusion; limiting production, delivery, including established quotas; offering unjustified refusal to conclude contracts with certain vendors or buyers

(beneficiaries); establishing restrictions at reselling prices of sold goods to the buyer; prohibition of economic agents to loosen the goods produced by competitors.

An innovative point that should be mentioned is applying the rule of reason, in case of accepting conglomerates. Ex-ante authorization of horizontal and vertical agreements was left to the National Agency for Competition Protection, not mentioning other circumstances (paragraph (4), (5), art. 7 of Law nr. 1103/2000 [5]).

Law nr. 1103/2000 on the competition protection initiated, for the first time, the creation of a protection authority, namely the National Agency for Competition Protection, which was empowered to prevent, constrain and suppress anti-competitive activity, manifested by: state control over commodity markets; state control over the creation, expansion, reorganization, liquidation of economic entities, their associations, holdings, transnational corporations and financial industrial groups; state control on purchasing shares (shares in social capital) of economic agents; forced division of businesses; issue provisions for businesses to cease the violation of law on competition protection and/or liquidation of its consequences, termination or modification of contracts that contradict the legislation on competition protection; collection of income from businesses obtained by violation of legislation on protecting the competition.

Although the Law nr. 1103/2000 [5] regulates broader relationships that has influenced the competition in the goods' markets compared to its predecessor, it also contains a number of gaps that hinder the process of application.

Thus, there emerged the need to define the notion of an economic agent, by supplementing it with legal entities which don't have a commercial aim, but which unfolds economic activities, and members of liberal professions; unification of terminology of the legislation by replacing connection with the dominant situation and defining the latter; determine the procedure for authorizing agreements in accordance with art. 7, paragraph (4) and (5); detailed regulations of merger control; concrete determining of income's share limits, which is to be charged for violating the law on protecting the competition etc.

And more, the inexistence in the text of the Law nr. 1103/2000 [5] of the express repeal of the Law nr. 906 - XII of 29.01.1992 [7] created a situation of confusion in its application. Thus, although both had the same object regulatory laws, there comes naturally the conclusion that in the absence of an express repeal, we are in the presence of the silent repeal. But this has a questionable character, allegedly the last amendment to Law nr. 906 - XII of 29.01.1992 [7] dated February 23, 2007, the date when the Law nr. 1103/2000 [5] has been in force for six years.

The implementation of commitments made by the Republic of Moldova on the harmonization of legislation with the EU as well as the need to remove shortcomings, led to the development of a new Law on Competition, a process that ended with the adoption of law on July 11, 2012. Thus, the Law on competition nr. 183 of 11.07.2012 [6] expressly states in its preamble the implementation of art. 101-106 of the Treaty on the Function of the European Union of March 25, 1957, the provisions of EC Regulation nr. 1/2003 of December 16, 2002, on the implementation of the rules on competition provided in Articles 81 and 82 of the Treaty, published in the Official Journal of the European Union nr. L I of January 4, 2003, and partly provisions of EC Regulation nr. 139/2004 of January 20, 2004, on the control of concentrations between businesses, published in the Official Journal of the European Union nr. L 24 of January 29, 2004.

The main innovations of the Law on Competition nr. 183 of 11.07.2012 [6] are:

- a comprehensive conceptual framework defining the notions: agreement and its varieties: horizontal and vertical, competition, enterprise, market relevance, concentrated practice, rigging of offers etc.;
- a specification of anticompetitive agreements' types, determining the agreements of minor importance as well as the introduction of exemption procedure; -highlighting factors to be considered in determining the dominant position, completing the list of abusive practices, individualization criteria to justify abusive practices;
- an assessment of the evaluation of economic concentrations; highlighting the criteria for determining the relevant market;
- a regulation of the preliminary examination procedure, investigation and decision making; determining and individualization of sanctions of breaking the law on competition;
- introduction of interim measures, commitments and leniency policy.

The analysis of the Law on competition nr. 183 of 11.07.2012 [6] corresponds to the effective development of market economy and avoiding anticompetitive practices and its correspondence to the Community Acquis which constitutes an objective of our research.

5. Conclusions

As a guarantor of effective competition and as a backlash against anti-competitive practices there was stated the need to apply legal and organizational measures to protect competition, by which it is understood the rules, tools, methods and levers of influence the market relations under the laws of competition which are applied by competent authorities to protect the competition, these being prevention, restriction and suppression measures.

REFERENCES

1. Partnership and Cooperation Agreement between the European Communities and their member states, on the one hand, and the Republic of Moldova, on the other hand. Ratified by Parliament Decision nr. 627-XIII of 03.11.95, Published in the official edition „International treaties”, 1999, vol. 10, p. 127.
2. RSS Moldova Government Decision On urgent measures to demonopolize the national economy of RSS Moldova, nr. 2 of 04.01.1991, Official Gazette of 04.01.1991.
3. Republic of Moldova Government Decision, nr.619 of October 5, 1993, on the approval of the Regulation on the State Register of economic-monopoly operators acting on Moldova market. Parliament Gazette, nr. 10 of 30.10.1993.
4. Parliament Decision on measures of organization of the National Agency for Competition Protection, nr. 21-XVI of February 16, 2007. Monitorul Oficial journal, Republic of Moldova, nr. 029 of 02.03.2007.
5. Law on Protection of Competition, nr.1103-XIV of 30.06.2000. Monitorul Oficial journal, Republic of Moldova, nr. 166-168 of 31.12.2000.
6. Competition Law, nr. 183 of 11.07.2012. Monitorul Oficial journal, Republic of Moldova, nr. 193-197 of 14.09.2012.
7. Law on the limitation of monopolistic activity and competition development, nr. 906-XII of 29.01.1992. Parliament Gazette nr. 2 of 01.03.1992.
8. STUART, E., MATEUS, A. Competition Law and Policy. Chişinău: Sinectica-Com, 2010, 152 p. ISBN 978-9975-4099-0-2.
9. Treaty on the Functioning of the European Union, consolidated version, in force since December 1, 2009. J.O. C 326 of 26.10.2012.

Rezumat

Legislația Republicii Moldova în domeniul concurenței este destul de recentă, spre deosebire de legislația Uniunii Europene, care acționează de peste cinci decenii. Adoptarea noii Legi a concurenței nr. 183/2012 a declanșat în Republica Moldova procesul de reforme în domeniul concurenței și, implicit, de preluare a acquis-ului comunitar. Punerea în aplicare a angajamentelor asumate de către Republica Moldova privind armonizarea legislației concurențiale cu cea a Uniunii Europene, precum și necesitatea înlăturării lacunelor constatate, au determinat elaborarea unei noi Legi a concurenței, proces finalizat cu adoptarea acesteia la 11 iulie 2012. Astfel, Legea concurenței nr. 183 din 11.07.2012 prevede, în mod expres, în preambulul său transpunerea prevederilor art. 101-106 din Tratatul privind funcționarea Uniunii Europene din 25 martie 1957, prevederilor Regulamentului (CE) nr. 1/2003 al Consiliului din 16 decembrie 2002 privind punerea în aplicare a normelor de concurență prevăzute la articolele 81 și 82 din Tratat, publicat în Jurnalul Oficial al Uniunii Europene nr. L 1 din 4 ianuarie 2003.

Cuvinte-cheie: legislație, piață, comportamentul entităților, protecția concurenței, practici anticoncurențiale, reglementare.

Аннотация

В Республике Молдова законодательство в области конкуренции создано относительно недавно, в отличие от законодательства Европейского Союза, действующего на протяжении более пяти десятилетий. Принятие нового Закона о конкуренции № 183/2012 обусловило начало процесса реформ в Республике Молдова в области конкуренции, а также взаимодействие европейских практик. Выполнение данных Республикой Молдова обязательств по гармонизации законодательства о конкуренции с законодательством Европейского Союза и необходимость устранения выявленных недостатков законодательных актов, предопределили разработку нового Закона о конкуренции и его утверждение 11 июля 2012 года. Так, в преамбуле данного нормативного акта предусмотрено транспонирование положений ст. 101-106 Договора о функционировании Европейского Союза от 25 марта 1957, положений Регламента Совета Европы (ЕС) № 1/2003 от 16 декабря 2002 года о применении правил конкуренции, установленных статьями 81 и 82 Договора, опубликованного в Официальном Журнале Европейского Союза № L 1 от 4 января 2003 года.

Ключевые слова: законодательство, рынок, поведение предприятий, защита конкуренции, антиконкурентные практики, регламентирование.

The publication is fulfilled within the research Project „Domestic trade and consumer cooperatives development in the context of economic integration of the Republic of Moldova in the European Community” (code 15.817.06.28A).

DIGITAL PLATFORMS – SUPPORT TOOLS FOR THE STUDY PROCESS

Larisa BUGAIAN, Prof., PhD,

Technical University of Moldova

E-mail: lbugaian@gmail.com

JEL classification: A12, A23, I29, I23

Abstract

Teaching requires improvement of communication methods with students. Besides the interaction with the teacher in the classroom, the new information technologies allow communication online. The most widely used is the Moodle, platform offered for free, and which is constantly developing. Moodle provides teachers with a variety of useful tools in teaching, learning and assessment and allows defining adaptation the course to student needs. Who knows, may be future student will prefer wireless education.

Keywords: education, e-Learning, Moodle, online training.

1. Introduction

Quality in higher education is a multidimensional notion that has to comprise all its functions, dimensions and activities: the curricula, analytical teaching programs, training and research, staff, students, rooms, utilities, communication services and the academic environment, etc. The internal self-evaluation and external analysis, openly performed by independent specialists and, in case, by an international expertise, are vital for quality improvement. The National Quality Assurance Authority is already on its way to be founded, and quality comparative standards, recognized at international level, are to be determined. A high attention will be paid to teaching and research methods within L-M-D study programs. New informational technologies are an essential instrument in the quality assurance process as a result of their impact on the process on getting new knowledge and know-how.

Exponential development of informational technology and communications in the last decade led to the registration of a real revolution in the online training area. Amid rapid changes and the registered technological progress, as well as amid the tendency to globalize university education, new perspectives for the educational practice have been developed, which has been completed with modern teaching-learning-evaluation methods specific for the informational society.

Which student-teacher interaction methods are preferable, how students learn better, it is a very subjective issue to be approached. But combining different methods such as the interaction with the teacher in classrooms and direct or indirect communication are an essential prerogative for restructuring the teaching environment.

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

Education institutions have to adapt themselves to the requirements and new opportunities of the educational environment. Lately, teaching methods based on digital tools have acquired a high-level progress. If only few years ago the projector was something new, today computers, tablets are already present in classrooms as a quite mandatory tool. There is no an exact teaching mode. Usually, teachers work hard to offer a variety of teaching methods. Lectures, tests, PP presentations, videos are only few of the methods that lecturers use today as course teaching tools.

Today, informational technologies have paved their way to student campuses. It is important to realize the fact that, first, higher education institutions are the ones that use the results of ICT sector to modernize their activities and that it's not the ICT that transforms higher education institutions in virtual ones.

New ICT instruments change the perspective on educational practice, completing the educational framework with modern teaching methodologies specific to the informational society. ICT methods do not replace the traditional educational systems. They improve the teaching process. Adapted to educational requirements, as an alternative to the traditional education, they lead to free access to distance learning. At the same time, they facilitate the process of continuous training of the members of a community that adopts an e-learning solution.

Educational institutions have to take into account constantly changing needs of the technical environment when it comes to these tools. The continuous development of digital technologies led to the fact that many students spend a lot of time on Internet. Recent polls undertaken by the CampusBooks.com [5] on student preferences on using handbooks, technologies and social media showed that 48% respondents already use digital handbooks and course notes, 44% prefer this method, combining digital information with paper editions and 39% prefer to use paper edited study materials. Another question is whether students take notes during classes or individual learning. The answers would be the following: 62% take some notes on paper, 24% use their notebooks for taking notes, 8% use digital tablets and only 6% have traditional outlines for each course. Thus, it is to be noticed that the increased development of digital technologies leads to the situation when many students use computers or notebooks for their training and spend an increased amount of time on Internet.

Higher education institutions, counting on the ICT advantages and potential in an open, equitable and cooperative manner, have to play a leading role and to assure the quality, practical rigid standards and educational results through:

- involvement within networks, technological transfer, potential creation, development of didactic materials and change of experience regarding the application in teaching, training and research of the knowledge accessible to all students;
- creation of new forms of the teaching environment, within the limits of distance learning facilities and complete virtual higher education institutions and systems, capable to cross distances and develop high quality educational systems, thus assuring social and economic evolution and democratization, as well as other priorities relevant to the society, guaranteeing, at the same time, that these virtual educational facilities, based on regional or global networks, function in a manner that respects cultural and social identities;
- taking into consideration new possibilities offered by the ICT [3].

3. Applied methods and material

Implementation of ICT in teaching is a great challenge for teachers from the Technical University of Moldova as well. At the department of Economics and Management in Industry, initially, two courses on Enterprise Management and Enterprise Planning have been developed and tested during two semesters. Generally, students have accepted the challenge and have positively appreciated the novelty. The results came very quickly:

- First, during courses students pay more attention to the content and do not seek to entirely write what the lecturer says, making just certain notes. The whole material is accessible online.
- Second, the evaluations for each topic made students learn systematically, a fact that led to high marks at final exams.

There has been undertaken a poll in order to determine the detailed opinion of students on the Moodle tool.

4. Results obtained and discussions

4.1. Benefits of the MOODLE platform

The exponential growth of the ICT sector in the last decade has led to the development of many useful digital teaching tools, and the development of new platforms for e-learning. Methodologically, e-learning can be defined as distance learning in a collaborative learning environment that combines traditional teaching with technology-based methods to improve the individual performance of the student. E-learning is based on modern education otherwise than the classic one, which is more attractive and in which an important role is played by knowledge strengthening and assessment carried out in an attractive manner, appropriate to the needs of education, both from the point of view of the teacher and the students [1].

Among all digital platforms the Moodle platform developed by engineers from the IT field with teacher training is more highlighted. It was built on logical and simple principles so that it is understood by both users and administrators.

Moodle is a software package for producing online courses designed to provide a favourable environment for e-Learning. Moodle is distributed free under Open Source regime. The platform provides the implementer a site with Moodle possibility to adapt the software to personal needs. Both Moodle developers and users alike are working to provide a good quality, to add new modules and accessories, and to suggest new ideas for the development of the platform. A content management system is a system that provides a collection of procedures used to manage the work flow [2].

At global level, there is a ranking of the top 100 online learning platforms. The respective ranking is drawn up on the basis of internal statistics provided by these platforms. In this ranking the 11th place is taken by Moodle, which, during the last 7 years is constantly situated among the top 15 e-learning platforms in the world [2]. Now, Moodle official website [6] has a total of more than 72.3 million registered users from 235 countries, available in over 70 languages, which proves that Moodle has managed to create one of the strongest communities at global level. Statistics show

that there is a number of over 64,000 Moodle sites and a number of over 7.6 million courses created in this format. 1.2 million Instructors are trained in teaching courses.

Moodle is becoming increasingly popular in education because it presents a learning tool that provides services that complement the study tools and methods:

- Posting courses, labs, schedules, bibliography, topics, exams;
- Virtual secretariat; knowledge evaluation and self-assessment;
- Virtual teaching / collaboration classrooms for distance learning;
- Online courses and seminars;
- Communication and socialization;
- Projects development.

The Moodle platform provides a set of useful tools for the teaching, learning and assessment processes, while the method of forming the structure and content of courses allows an adaptation to the needs of students, including for the specialists going through a continuous training process. It is important that users can browse such a course at any time, where and how they want, because by its shape and structure a course developed and implemented on Moodle platform is tailored to their needs, accessible anytime and anywhere, even outside the auditorium, enabling collaboration through modern communication tools such as forums, chats, blogs, etc.

Changing the structure of normative hours for studying a course dedicated mainly to individual activities requires broader discussion and using several methods for valuing the knowledge. Using the digital platform allows, along with such traditional methods as the work control, the control test, held in the auditorium, as well as the on-going self-assessment for each module and course entirely. The coexistence of different types of evaluation contributes to strengthen learning, facilitates learning through feedback and challenges faced by students.

4.2. The use of MOODLE platform at TUM

There has been undertaken a poll in order to determine the detailed opinion of students on the Moodle tool. The overall analysis of the poll's results shows that 'teacher-student' interaction means through Moodle platform are appreciated because:

- There is a lot of study information;
- The access to the information is flexible;
- The material can be found at any time;
- It gives the opportunity to learn at home;
- It allows the student to study and solve the proposed tests and topics;
- It ensures the possibility to get better results using more chances, thus, finally, leading to development;
- There's the possibility to recap, summarize, realize attractive animated schemes that would lead to the easiest way of memorizing the information;
- Self-evaluation excludes teacher's subjectivity;
- The stress and emotions are reduced, as evaluation is made without teacher's presence (sometimes stressful for students).

But courses placement is not the end of the implementation of online studies. It is obvious that continuous improvement of courses will increase their quality, the platform will enhance its usefulness, thus, appreciation from students will change for the better.

Great achievements in the field of new information and communication technologies change the way of developing the acquired and delivered knowledge. New technologies open opportunities for content and teaching methods' innovation, give new chances for expanding the access to higher education. However, it should be noted that new methods based on information technology do not reduce the requirements to teachers. It changes their role in relation to the learning and continuous dialogue processes that convert information into knowledge, perception becoming fundamental.

The development of a course must take into account the specific features of the group of students. The teacher is constrained by the curriculum of the study discipline. Indeed, the course is elaborated structurally on themes as to meet the curriculum content, but the approach depends on the teacher and the group of students. In courses developed for placement on Moodle the emphasis is made not only on providing information. The activities involve exchanging ideas and building new knowledge and skills based on the acquired knowledge. The digital platform is an additional method of communication with the student. The teacher himself lives in a changing society. Using the platform allows and requires him to adapt, to adjust, and to continuously improve himself.

By using the online platform, teaching the course is no longer a closed process, with only two subjects – the teacher and the student. Due to Moodle, a part of the course teaching process is exteriorized, it becomes an open one. This certainly causes a higher level of responsibility of the teacher, facilitates quality control process of university courses and makes the interaction between the teacher and students more efficient. In parallel, the courses placed on this platform must be subject to a permanent process of permanent improvement during each year of study.

It might be said that using a common digital platform for communication with students, even if it is via the Internet, the teacher „keeps his hand on the pulse” of students' education. By placing materials the time limit disappears, the one that exists during contact hours directly to the academic hours. The placement space is not limited. Of course, an optimal volume of information required to study an object should be determined. Other materials may be offered through link sites.

The platform allows both self-evaluation and student's assessment. The teacher has the possibility to check student's activity on the dedicated time and the quality of online knowledge. By forums, the teacher can interact and inform students „just in time”.

5. Conclusions

Thus, implementation of the digital platform Moodle helps strengthen educational skills for a better quality of teacher - student and student - teacher relations. Using the platform gets to ensure knowledge acquisition and formation of skills that enable students to adapt to the requirements of a constantly evolving society. At the same time, the use of the Moodle platform by students should ensure a balance between developing skills to use modern communication technologies, for accumulating knowledge and preserving the learning act in its psychosocial context.

Obviously, the possibilities offered by Moodle are endless, now they have managed only a small part of these possibilities. There are still many opportunities that this platform offers to be

capitalized. Advantages offered by Moodle can be noticed only after the development, implementation and use of courses for any subject, and in which it is recommended to integrate more activities and resources. One drawback that should be mentioned is the time to be allocated to the creation and development of courses, but once developed a course can be used whenever the need arises, thus, this significantly reduces the drawbacks.

REFERENCES

1. AGNES, E., VÂRGOLICI, N. E-learning promotion within university environment. <http://www.lisr.ro/12-erichvargolici.pdf>
2. AVRAMESCU, A. N. The educational platform Moodle, a success în e-learning. Available: <http://www.elearning.ro/platforma-educationala-moodle-un-succes-in-e-learning>
3. Universal declaration on university education. Available: http://www.upt.ro/pdf/calitate/Alte_documente_relevante_pentru_Invatamantul_Superior
4. DOBRE, L. Critical study of the actual e-learning systems. Available: <http://www.racai.ro/media/Referatul1-IulianaDobre.pdf>
5. RIDDELL, R. Textbooks, tech, and social media: What do students prefer? <http://www.educationdive.com/news/textbooks-tech-and-social-media-what-do-students-prefer-infographic/294941/>
6. Moodle net. <http://moodle.org>; <http://moodle.org/stats/> (Accessed 23.09.2014).

Rezumat

Învățămîntul necesită perfecționarea metodelor de comunicare cu studenții. Pe lângă interacțiunea directă cu profesorul în auditoriu, noile tehnologii informaționale permit comunicarea on-line. Cel mai des folosită este platforma Moodle, oferită gratuit și permanent în dezvoltare. Platforma Moodle oferă profesorilor o varietate de instrumente utile în predare, învățare și evaluare și determină adaptarea cursului la nevoile studenților. Cine știe, poate anume învățămîntul fără fir va fi preferat în viitor de către studenți.

Cuvinte-cheie: *învățămînt, e-Learning, Moodle, instruire on-line.*

Аннотация

Образование требует пересмотр методов общения со студентами. Наряду с прямым взаимодействием преподавателя и студента в аудитории, новые информационные технологии позволяют провести обучение он-лайн. Преимущественно используется бесплатно предоставленная платформа Moodle, которой свойственно постоянное развитие. Платформа Moodle предлагает преподавателям различные полезные инструменты для преподавания, обучения и оценки, позволяет адаптировать курс к требованиям студентов. Кто знает, может быть, студенты предпочтут в будущем именно беспроводное образование.

Ключевые слова: *образование, e-Learning, платформа Moodle, обучение он-лайн.*

FUNCTIONS OF GOODS ASSORTMENT MANAGEMENT IN RETAIL TRADE NETWORK

Tudor MALECA, Assoc. Prof., PhD,
Trade Co-operative University of Moldova
E-mail: tmaleca@uccm.md

JEL classification: L81, A10, D00

Abstract

The degree of meeting the demand of material goods buyers depends on their possibility to choose and purchase the favorite goods. This possibility depends on the degree of diversity and structure of goods offer in retail trade network that shall meet the structure of consumers' needs and the solvent demand of buyers. This conformity can be achieved only by ensuring the management of commercial goods assortment.

Like any other, the commercial goods assortment management is accomplished by performing a number of functions, which are currently not determined yet in the specialized literature.

In this paper we present the nomination and version of nomenclature functions of goods assortment management, the performance of which would ensure the efficient management of goods assortment in retail trade network. There are also presented the definitions of the notions of optimal goods assortment, goods assortment management, and the nomenclature functions of goods assortment management made up of three groups of functions: general functions, special functions and specific functions. The components of functions content are also specified.

Keywords: *assortment of goods, goods assortment management, retail trade network, optimal assortment, function of goods assortment management, offer of goods, demand for goods.*

1. Introduction

The goods retail trade network is in permanent contact with the buyer, the ultimate consumer. It assures the connection between the field of production and field of goods consumption, and the interconnection between the supply and demand of goods. The level of meeting the consumers' demand for goods depends both on the volume and the diversity of goods offer, i. e. on the goods assortment in offer.

The scientific-technical progress, increasing the level of civilization of society and the continued quantitative and qualitative development of consumers' needs causes the intensive quantitative and qualitative development of consumer goods assortment, the nomenclature of which has already exceeded in the '70-80s of the last century, according to the scientists' estimates, one million of varieties and every 15 years it doubles [4, p. 77; 10, p. 5]. At the same time, the goods assortment in the retail trade enterprise offer shall meet the particular needs of consumers, the buyers' demand [3, p. 17; 10, p. 5, p. 9]. In those circumstances, it is clearly highlighted the acute objective necessity to ensure continuous correlation between the offer of goods assortment and demand of buyers, the need for consumer goods assortment management.

2. Degree of investigation of the problem at present, research purposes

The problems of forming the assortment of goods have always been in the focus of specialists and researchers in the field of trade, but were more intensely investigated since '70 -80s of the 20th century [2, 3, 9, 10], when the assortment of goods became extremely large and complicated in structure. However, at present the researches in the field and their results [1, 5, 12] are focused more on processes and methods of forming the assortment and do not include the aggregate factors which determine and contribute to the formation and continuous maintenance of optimal goods assortment in the retail trade network.

The ultimate purpose of the investigation is to create and propose a complex system of goods assortment management, and the purpose of this paper is to identify and nominate the functions of this management system.

3. Methods and materials applied

The research is performed using the methods: comparative analysis, correlative analysis, analogy, induction and deduction, expertise, practical experience, etc. The proposed functions were nominated by orienting ourselves to the standard of production quality management in the field of turnover [11].

4. Complex nomenclature functions of goods assortment management

The management of consumer goods assortment [6, p. 8] is the activity of developing and implementing in complex the interrelated organizational, technical, economic, social and ideological set of measures (actions), governed by the laws and normative-technical documentation in force, using the related methods and means, directed towards the formation and permanent correction in the field of turnover of the assortment structure of consumer goods, which would correspond to the structure of the consumers' needs and society on the one hand, and to the possibilities and interests of producers and society, on the other hand.

The assortment of goods, which, on one hand, is consistent with the possibilities and interests of the production field, and, on the other hand, - with the demands and interests of consumption field, is called the optimal assortment. The task of management of commercial goods assortment is the creation and continuous maintenance in the field of turnover of the optimal structure of the consumer goods offer, the optimal consumer goods assortment, taking into account the interests of the turnover field, and the purpose is to meet at maximum the various needs of consumers of varieties of goods, while taking into account the possibilities and interests of producers.

Like other types of management, the management of commercial goods assortment is done by implementing a complex nomenclature of functions that includes: general functions, special functions and specific functions. Obviously, the management of commercial goods assortment is influenced by subjects both of the field of production and the field of consumption, a reality that shall be taken into account in the development and formulation of functions of management of commercial goods assortment.

General functions are common to all types of management and provide for the carrying out and performance of the general management. These are: planning, organizing, coordinating, recording, monitoring, analyzing, correction and stimulation.

Special functions are determined by the specifics and peculiarities of the type of management. The management of commercial goods assortment has specifics of the object and particularities of organizing and implementation. Based on the study of specialized literary sources [1, 2, 11], relying on management theory and analysis of existing management practice of commercial goods assortment, we propose the following nomenclature of special functions of commercial goods assortment management in the retail trade network:

1. Forecasting consumers' needs and requirements for commercial goods assortment;
2. Standardization of requirements for commercial goods assortment;
3. Determining the necessity and directions of change (improvement) characteristics [7-8] of commercial goods assortment;
4. Planning the change of characteristics of commercial goods assortment;
5. Periodic certification of commercial goods assortment;
6. Special training and continuous training of staff;
7. Providing methodological formation and systematic improvement of commercial goods assortment;
8. Material-technical provision of systematic improvement of commercial goods assortment;
9. Technological provision of formation and systematic improvement of commercial goods assortment;
10. Legal provision of formation and improvement of commercial goods assortment;
11. Permanent internal and systematical external control of optimality of commercial goods assortment;
12. Stimulating the formation and maintenance of optimal commercial goods assortment in retail trade network;
13. Providing information for formation and improvement of commercial goods assortment;
14. Periodic certification of the management system of commercial goods assortment.

The specific functions of management of commercial goods assortment are determined by the specifics of object and its management process. Based on the analysis of specifics of object and practice of management of commercial goods assortment we highlight the following specific functions of management of commercial goods assortment:

1. Development and approval of nomenclature of features and indicators of commercial goods assortment [7-8];
2. Forecast of optimal structure of commercial goods assortment;
3. Selection and standardization of requirements for the indicators (characteristics) of optimal commercial goods assortment;
4. Development of optimal structure of commercial goods assortment;
5. Purchase and retail sale of optimal commercial goods assortment;
6. Ensuring reasonable placement of optimal commercial goods assortment in retail trade network;
7. Dissemination and implementation of the optimal goods assortment and rational goods consumption (use, exploitation).

The set (nomenclature) of special and specific functions shown above covers the multiple fields and directions of activity of the retail trade enterprise for the management of commercial goods assortment. Each of these functions both special and specific ones have their specific content which includes the definition, purpose, tasks and elements specific to the concrete function. The development of functions' contents of management of commercial goods assortment requires an additional comprehensive study which will be carried out following the investigation.

5. Conclusions

Forming and continuous maintenance in the retail trade network of optimal assortment of goods is only possible by applying the complex system of management in the field and its creation is an objective necessity. However, successful performance management of goods assortment requires the implementation both of general management functions and a range of special and specific functions, which nomenclature is first presented. Each of these functions presented in the nomenclature both special and specific ones have their specific content, which includes the definition, purpose, tasks and specific elements of the concrete function. The development of functions' contents of management of commercial goods assortment requires an additional comprehensive study which will be carried out following the investigation.

REFERENCES

1. BOBOVICH, A. P. Control of assortment of the goods in retail trade in conditions of transition to market relations/Abstract of the thesis for the scientific degree of Ph.D. in Economics, 08.00.05.- Gomel: Gomel State University "Francis Skoropyny", 2001. 20 p.
2. BROZOVSKY, D. I. Tasks and content of management of goods assortment // Management of assortment and quality of non-food products and the formation of the reasonable needs of the population: VI All-Union. Scientific-technical conference on merchandising of non-food products, September 17-18, 1987, Section - Theoretical and methodological problems of merchandising: Thesis / Ministry of Trade of the USSR, Ministry of Trade of the Ukrainian SSR, Central Board of scientific-technical commercial community; Donetsk Institute of Soviet trade. - Donetsk, 1987. pp. 14-16.
3. DARBINEAN, M. M. Formation of assortment and commodity stocks in trade. - M.: Economics, 1974. 246 p.
4. DARBINEAN, M. M. Commodity stocks in trade and their optimization. - M.: Economics, 1978. 237 p.
5. DMITRICHENKO, M. I., ZYBIN, O. S., KIYATOV, A. L. Management of a variety of goods in trade modern format./Zh. Technical-technological problems of service. 2013, No. 4 (26), pp. 75-80. ISSN 2074-1146.
6. MALECA, T. Management of quality and assortment of consumer goods in conditions of competitive economy//Scientific newsletter: TCUM at 10 years: Jubilee edition/ MOLDCOOP, TCUM; editorial board: T. Maleca, L. Savga, V. Botnariuc [et. al.]. - Ch.: TCUM: CEP MSU, 2003. pp. 3-8. ISBN 9975-70-272-4.
7. MALECA, T. Characteristics of the commercial assortment: nominations, definitions, indices and manner of their determination./Annals of the Trade Co-operative University of Moldova, Moldcoop. -Ch.: TCUM, 2012, vol. X. pp. 122-129. ISBN 978-9975-4316-2-0.
8. MALECA, F. H. Indicators of optimization: [Management of commercial assortment of goods by reference to specific features of customers demand] // Commercial Gazette. 1989, No. 16, pp. 46-47.
9. MALECA, F. H. Specific functions of management of commercial assortment of goods and analysis of commercial assortment of goods//Control of assortment and quality of non-food products and the formation of the reasonable needs of the population: VI All-Union. Scientific-technical conference on merchandising of non-food products, September 17-18, 1987, Section -Theoretical and methodological problems of merchandising: Thesis / Ministry of Trade of the USSR, Ministry of Trade of the Ukrainian SSR, Central Board of scientific-technical commercial community; Donetsk Institute of Soviet trade. - Donetsk: 1987. pp. 56-58.
10. POLONSKAYA, L. A., TURANSKAYA, M. M. Formation of assortment of goods in retail trade. -K.: Techniques, 1982. 96 p.
11. Management of quality of products at the stage of turnover. The main provisions. RST MSSR 838-85. RS UKP/MSSR Gosplan, Resp. standard MSSR [Developers. F. Maleca in coop. with A. Shmurak, N. Lapshina]. - Ch.: Gosplan MSSR, 1984. 64 p.
12. YUROVA, N. A. Instrument and methods of goods assortment management in retail/Bulletin of the Siberian State Aerospace University „M. F. Reshetneva”. 2010, No. 1, pp. 165-170. ISSN 1816-9724.

Rezumat

Gradul satisfacerii cererii cumpărătorilor de bunuri materiale depinde de posibilitatea acestora de a alege și procura bunurile preferate. Această posibilitate depinde de gradul diversității și de structura ofertei de mărfuri în rețeaua comercială en-detail, care trebuie să corespundă structurii necesităților consumatorilor și cererii solvabile a cumpărătorilor. Această corespundere poate fi atinsă doar prin asigurarea managementului sortimentului comercial de mărfuri.

Ca și oricare altul, managementul sortimentului comercial de mărfuri este efectuat prin realizarea unui șir de funcții, care în prezent în literatura de specialitate încă nu-i determinat.

În această lucrare prezentăm nominalizarea și varianta nomenclatorului funcțiilor managementului sortimentului de mărfuri, realizarea căreia ar asigura managementul eficient al sortimentului de mărfuri în rețeaua comercială en-detail. Sunt prezentate și definițiile perfectate ale noțiunilor de sortiment optimal de mărfuri, de management al sortimentului de mărfuri, iar nomenclatorul funcțiilor managementului sortimentului de mărfuri este creat din trei grupe de funcții: funcțiile generale, funcțiile speciale și funcțiile specifice. Sunt indicate și componentele conținutului funcțiilor.

Cuvinte-cheie: *sortimentul de mărfuri, managementul sortimentului de mărfuri, rețeaua comercială en-detail, sortiment optimal, funcție a managementului sortimentului de mărfuri, oferta mărfurilor, cererea de mărfuri.*

Аннотация

Степень удовлетворения спроса покупателей на материальные ценности зависит от возможности выбора и приобретения желаемых товаров. Эта возможность обусловлена уровнем разнообразия и структурой предложения товаров в розничной торговой сети, которая должна соответствовать потребностям потребителей и платежеспособному спросу покупателей. Данное соответствие возможно достичь только путем обеспечения управления коммерческим ассортиментом товаров.

Подобно другим, управление ассортиментом товаров осуществляется посредством ряда функций, которые в настоящее время в специализированной литературе точно не определены.

В данной статье автором предлагается вариант номенклатуры функций управления ассортиментом товаров, исполнение которых позволит обеспечить эффективное управление ассортиментом товаров в розничной торговой сети. Также представлены и определения оптимального ассортимента товаров, управления ассортиментом товаров, а номенклатура функций управления ассортиментом товаров представлена тремя группами функций: общие функции, специальные функции и специфические функции. В статье также рассмотрены элементы содержания функций.

Ключевые слова: *ассортимент товаров, управление товарным ассортиментом, коммерческая розничная сеть, оптимальный ассортимент, функция управления ассортиментом товаров, предложение товаров, спрос на товары.*

The publication is fulfilled within the research Project „Domestic trade and consumer cooperatives development in the context of economic integration of the Republic of Moldova in the European Community” (code 15.817.06.28A).

THE ASSESSMENT OF REGULATIONS IMPOSED ON ENTERPRISES' COMPETITION ON THE MARKET OF THE REPUBLIC OF MOLDOVA

Sergiu PETROVICI, Prof., PhD,
Trade Co-operative University of Moldova
E-mail: uccm@list.ru

Svetlana MUSTUC, Assoc. Prof., PhD,
Trade Co-operative University of Moldova
E-mail: svetlana.mustuc@mail.ru

JEL classification: D41

Abstract

The paper analyzes the concept of competition and competitiveness, the types of moving forces of competition, the indicators characterizing the level of enterprises' competitiveness on the market (potential of company's resources, the level of revenue and costs, the access to financial resources, staff motivation, management culture etc.) as well as the evaluation parameters of market competition (market power, barriers of enterprises to enter the market, new enterprises entering the market to create price competition and stimulate innovation, forcing firms to exit the market, innovations introduced by enterprises in the market, increased tariffs' costs incurred by competitors). A special place belongs to the assessment of the regulations with various restrictions in terms of competition.

Keywords: *competition, competitiveness, potential resources, evaluation parameters, competition costs.*

1. Introduction

One of the main categories of modern economic science is market competition, which is a race between manufacturers of goods and services to occupy the free „niches” of the market [4, p. 58]. For the market economy competition has special significance because it serves as progressive movement, ensuring bidders of products (services) the expected profit and consumers satisfying the consuming needs.

2. The degree of investigating the problem

Studying literature on competition issues is one of the central objectives of marketing research, based on the content of knowledge and objective of competition, forms of competition and competitors' typology [3, pp. 107-115]. Usually there are two opposing concepts of market structures: a) perfect competition market - when there are many bidders and missing barriers for entry; b) the imperfect competition market that has various forms: pure competition, monopolistic competition and oligopolistic competition. These two opposing notions are conventional because of the reason that real markets are located towards the first or the second extremity.

3. Applied methods and material

In the research we relied on the study of doctrinal, legislative and practical materials. The complexity of the problem led to the application of general and legal scientific methods. The comparative method is an essential element for the given research.

4. Results obtained and discussions

4.1. The concept of competition evaluation and competitiveness on the market

In order to increase the quality of the evaluation regulations in terms of competition it is required to observe the principles when the competition assessment may be included in the analysis of the regulatory impact. Thus, a detailed assessment of competition can include [1, pp. 33-35]:

- Clear identification of policy goals;
- Formulation of alternative regulations that would lead to achieving the policy objectives;
- Evaluate the effects of each alternative on policies;
- Comparing alternatives.

The evaluation principles of competition provide an introduction to the competition's Checklist, illustrate the benefits of competition and demonstrate the effects of policies on competition.

The first stage of the competition's assessment is completing the competition's Checklist. Most regulations do not require a detailed assessment of the competition. However there are some kinds of restrictions of competition identified in the Checklist that need a more detailed assessment of competition.

Quality regulations are perceived as becoming more like those that bring desired results with lower costs. Regulatory impact analysis involves comparing the possible outcomes based on the economic environment and would not allow changes of major parameters that adjust this environment. By comparison, the competition policy analysis refers to the impact of changes in market conditions on the level of competition and the possible outcomes related to economic efficiency and consumers' welfare.

The competition is characterized by applying the five forces explained by M. Porter [6], including: The influence on „Competition within the branch” by the market forces: suppliers, consumers, potential competitors and substitutable products.

Thorough analysis of the forces of competition in the branch enables the company to assess the strong and weak sides of each participant and determine the time of substitutable products' appearance. As a result, the enterprise can choose the most successful competitive strategy and position itself on the market in order to accumulate a maximum profit.

Based on statistical data analysis of different industries M. Porter has revealed the major reasons of successes and failures in the competitive battle of firms from different countries. M. Porter proposed the concept of competitiveness based on four determining attributes for each country where the firms operate, including: a) the parameters of production factors; 2) parameters of product demand; 3) firms' strategy, the structure and nature of competition between them; 4) related and supported enterprises within the branch. These determinants of competitiveness allow

determining the level of potential competitiveness of each business in the chosen country. There are several types of moving forces of competition: increasing or decreasing the demand on long term as a decision-making factor for attracting investments and new companies in the market; dynamic demand structure as a condition for creating new distribution channels and change of marketing tactics; product's renewal in order to stimulate the demand and wider the market of new products; technological innovation in production which will allow reducing costs and increasing product's life cycle; innovations in marketing that will boost new forces to change the competition conditions and the positions of competing enterprises; changing the leaders in the competition which will help change the round over competition and the emergence of new competitors in the market; increasing the preferences and tastes of potential buyers will help increase the competitiveness of some products on the market; changing the state policy can directly influence the market volume and competitive conditions of the enterprise.

4.2. Specifics of competition regulations imposed on competitiveness of commercial enterprises and consumer cooperatives

Concerning the commercial enterprises and consumer cooperatives the competitiveness analysis is based on research management, divided into the following blocks: the aim of the enterprise; the potential resource of the enterprise; revenue and expenditure analysis of the company; access to credit and other financial resources; staff qualifications; employees' motivation (stimulation); management culture; new products; market power and competition level; the barriers to entry for new firms on the relevant market; new firms entering the market; enterprises leaving the market; innovation and sales' effectiveness; increased costs for competition to try to prevent them not to obtain success on the market [2, pp. 16-25].

On the basis of management research the current activity of the enterprise is analyzed and the effectiveness of this activity with the help of indicators is evaluated: the share of the enterprise on the market, sales profitability, the level of commercial risk, the share of domestic products in total sales volume. Usually the commercial enterprise must increase the sales profit and satisfy the consumers' demand on products and services.

It should be mentioned that the company's profitability depends not only on the commercial prices of each product, but also on the speed of products' movement. This is an important part of management research to ensure sales' rotation and increase the corporate profitability. On the other hand, managerial analysis involves determining the level of freedom of management control and strategic opportunities of development of enterprises in the analysis and evaluation of regulations in terms of competition (Figure 1).

In developing the strategy of enterprise's development it is necessary to analyze the enterprise's development history and current development strategies to determine based on which resources the company achieved market success. Despite the fact that Moldovan enterprises operate for a short time in market conditions, however SWOT analysis, strengths and weaknesses in comparison to its competitors serve as an important basis for developing a strategy in the future.

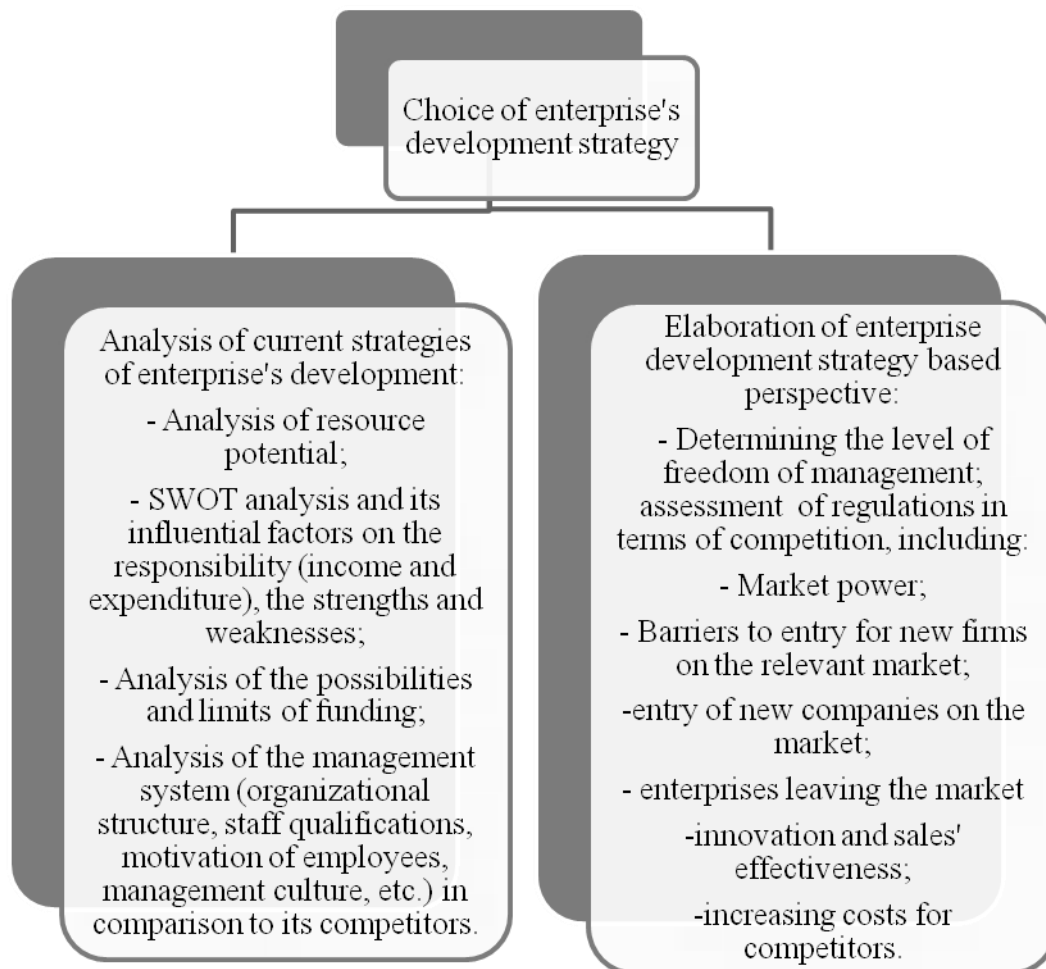


Figure 1: Determining the strategic opportunities of the enterprise from the point of view of competition

By analyzing current development strategy for the company and the activity of its competitors, the enterprise must determine its own competitive advantages and evaluate regulations imposed by competitors. The main focus in directing the company should be placed on assessment issues related to: market power, barriers of enterprise to entry the market, new competitors entering the market, firms leaving the market, innovation and efficiency, increased costs on competition [5, pp. 3-5].

Market power requires the ability of companies to use higher tariffs on competitive levels and consequently to record significant profits or economic returns higher than normal [1, p. 17]. Any assessment of market power is necessary to achieve products and services on selected market. Highlighting the products (services) on a selected market is performed depending on the fact if the product sold by the company is a close competitor or substituted for the one achieved by the other economic agent. The level of substitution between goods (services) of two businesses depends on a set of factors that influence the tangible components (merchandising features, sizes, shape, weight, gauge, packing) and intangible components (name, brand, age, price, legal protection by patent etc.) of the product [4, p. 253]. Highlighted markets can be narrower or wider to the ideal market which we know. The structure of highlighted market depends on: the number of businesses positioned on the market (the higher number of enterprises is on highlighted market, the lower the

market power will be); the concentration of production within some huge enterprises on the market (the more production is concentrated in the hands of a few more companies, the bigger is the probability of emergence of market power).

Barriers to entry market highlighted businesses provide a perspective on the level of competition with contacting companies which are already on the market. Thus, in the event that the barriers to entry are high, then already existing companies can tackle an anti-competitive policy by increasing tariffs for new agency-entrants and limit the exercise of market power by them. Rating barriers to entry would be useful to regulate the competition because the amount of negative effects on competition will depend on the increased number of barriers that will impose constraints upon competition. If barriers have a low level of influence, the competition is less affected.

The literature highlights various types of barriers to entry the market [2, pp. 19-21]:

- Natural barriers - can occur due to natural factors (high fixed costs of natural resources in different geographical areas);
- barriers on irretrievable costs to entry - means that there is high cost that the company cannot recover if it decides to leave because of low sale value or high costs for advertising and others;
- barriers created by existing companies' behavior on the market - can have negative effects on competition because it increases the switching costs for changing the supplier but the competitors and newly entranced agencies are disadvantaged;
- Barriers induced by governments' regulations of different countries - may create difficulties in starting new businesses on the ground that bureaucratic procedures are costly for a period of time and many countries favor the enterprises which are already on the market.

We conclude that the assessment of the level of barriers to market entry is an important component in assessing the impact of regulations on competition.

Entry of new enterprises - can create serious competition for market prices; stimulate innovation which will lead to a wider range of products (services) and an increase in quality. However, if the market entry of new companies is easy, then the existed companies will exert the market power less because they will give a portion of profits up. The entry of new companies may be less profitable when the barriers to entry are high.

The firms leaving the market - could lead to an increase in the power exercised by existing businesses, which will contribute to high prices. Companies that do not do significant investments will have to exit the market because of the impossibility to access the market with new prices and other factors.

Innovation and efficiency - can provide more positive results due to increasing sales effectiveness, improving product quality, creating a wide range of products in the commercial network, improve customer service. It is necessary to carefully examine the effects on innovation as the assessment of business conduct impact will allow you to bring significant benefits.

Increasing costs for competitors - can reduce the level of competition in the market and record higher profits for the reason that companies which are already on the market try to impose costs on competitors trying to gain success in commercial networks. Businesses which exist already on the market are lobbying to get protectionist provisions to continue their functioning under the old regulations for a period of time and essentially affect competition.

4.3. Assessment of the effects upon competition

Officers responsible for regulations must consider three important aspects when starting the process of evaluating the effects [2, pp. 86-87]:

- a) The starting point of any assessment must be objectives that will make it easier to evaluate alternatives that lead to achieving the objective of odd phenomena on the market.
- b) Listing existing barriers to competition, including: barriers linked to regulations to market entry and their possible effects on competition will be highlighted; barriers related to overheads or stranded costs related to investing heavily in advertising or R & D spending; barriers related to the conduct of undertakings already on the market that will make competition more difficult from other businesses that would like to enter the market.
- c) If there are restrictions on prices, the regulation will be considered carefully, and the evaluation is undertaken with alternatives which will affect less the long-term operation of the market.

It should be mentioned that a combination of different types of barriers could have a significant impact on competition. It is important to assess the impact on businesses which already are on the market, the effect on market entry by new businesses, the impact on goods and services prices, the impact on the quality and variety of goods and services; the impact on operations efficiency and innovation enterprise; the effect on market growth and conexo markets (upstream and downstream). We can conclude that the proposed regulations and laws must be restructured to minimize the damage upon competition.

5. Proposals

As a result of this research we can offer the following recommendations:

1. Studying regulations on competition and competitiveness is one of the central objectives of marketing research - since these reflect the situation of the competitive market and characterizes the efficiency of their business.
2. The paper analyzed the specific of assessment of competition regulations imposed on commercial enterprises and consumer cooperatives, highlights the key indicators for determining the strategic opportunities of enterprises in terms of competition.
3. For the purpose of elaborating the strategy of enterprise's development it is recommended to analyze:
 - a) On the one hand, the history of company's development, its current development strategies, the resource potential, the factors influencing the profitability, strong and weak sides in company's activity.
 - b) On the other hand it is recommended to set the level of freedom of managing the enterprise, assessment of regulations related to: market power; barriers to entry of new enterprises in the relevant market; new businesses entering the market; firms leaving the market; innovation and sales effectiveness; increasing costs and tariffs for competitors.
4. It is rational to assess the effects upon competition to minimize the damages to the regulations, placing fewer restrictions on market processes and existing barriers on the way to competition.

REFERENCES

1. Competition Assessment Toolkit. OECD (Organization for Economic Co-operation and Development). Volume I. Evaluation principles of competition. Version 2.0, 2010. 68 p. Available: <http://www.oecd.org/daf/competition/98765440.pdf>
2. Competition Assessment Toolkit. OECD (Organization for Economic Co-operation and Development). Volume II: Guide for competition assessment. Version 2.0, 2010. 143 p. Available: <http://www.oecd.org/daf/competition/98765441.pdf>
3. BALAURE, V. et al. Marketing. - Bucharest, Uranus Publishing house, 2003. 643 p. ISBN 973-9021-75-1.
4. PETROVICI, S., MUSTUC, S. Marketing: course of lectures, 2nd edition, revised and completed. - Chisinau, UCCM, 2014. 512 p. ISBN 978-9975-114-86-8.
5. CARARE, V. The economic crisis and the competitive impact. Concurență. 2010, No. 2, pp. 3-5. ISSN 1857-2952.
6. PORTER, M. Competition (text): M. Porter (translation from English). – M.: „Вильямс” Publishing house, 2003. 496 p. ISBN 5-8459-0055-7.

Rezumat

În lucrare sunt analizate conceptul concurenței și competitivității, tipurile forțelor de mișcare ale concurenței, indicatorii ce caracterizează nivelul competitivității întreprinderilor pe piață (potențialul de resurse al întreprinderii, nivelul veniturilor și cheltuielilor, accesul la resurse financiare, motivarea personalului, cultura managerială etc.), precum și parametrii de evaluare a concurenței pe piață (puterea de piață, barierele în calea intrării pe piață a întreprinderilor, intrarea întreprinderilor noi pe piață pentru a crea o concurență de prețuri și stimula inovația, forțarea întreprinderilor să iasă de pe piață, inovațiile aduse de către întreprinderi pe piață, creșterea costurilor, tarifelor suportate de concurenți). Un loc deosebit aparține evaluării reglementărilor cu diverse restricții din punctul de vedere al concurenței.

Cuvinte-cheie: concurența, competitivitatea, potențialul de resurse, parametrii de evaluare, costuri pentru concurență.

Аннотация

В статье рассмотрены содержание конкуренции и конкурентоспособности, виды движущих сил конкуренции, показатели, характеризующие уровень конкурентоспособности предприятий на рынке (ресурсный потенциал предприятия, уровень доходов и расходов, доступ к финансовым ресурсам, мотивация персонала, культура управления и др.), а также параметры оценки конкуренции на рынке (проницаемость рынка, барьеры проникновения предприятий на рынок сбыта, проникновение новых предприятий на рынок с целью создания ценовой конкуренции и стимулирования инноваций, вытеснение предприятий с рынка, новшества введенные предприятиями на рынок, рост затрат, тарифов конкурентов). Особое внимание отведено оценке законодательству, которое ограничивает конкуренцию.

Ключевые слова: конкуренция, конкурентоспособность, ресурсный потенциал, параметры оценки, конкурентные затраты.

The publication is fulfilled within the research Project „Domestic trade and consumer cooperatives development in the context of economic integration of the Republic of Moldova in the European Community” (code 15.817.06.28A).

THE FORMATION OF THE INSTITUTIONAL ENVIRONMENT OF RURAL TRADE

Hennadiy APOPIY, Post-graduate student,

Lviv Regional Institute of Public Administration National Academy of
Public Administration the President of Ukraine

E-mail: ag777ag@i.ua

JEL classification: R00, O18

Abstract

The article considers the role and importance of the institutional environment in the functioning of rural trade, the proposed structural model of institutional development and functioning of rural trade.

Keywords: *commodity markets in rural areas, institutional support of rural market, development of commodity markets in rural areas, problems of commodity markets in rural areas.*

1. Introduction

The progressive development and effective functioning of the rural trade depend on the influence of numerous factors of socio-economic, scientific-technical, organizational, legal and financial-economic nature. Of particular interest are those factors and conditions that shape the institutional environment.

2. Analysis of recent researches and publications

Theoretical and applied aspects of rural market are unexplored. In fact, fundamental research and development - are absent. The works of I. Lukyanov, V. Zagorsky, S. Babenko, Y. Goncharuk, V. Apopiy substantiate the need to create rural market, its characteristics and socio-economic role. However, the theoretical and methodological means of the formation of the rural market are not developed, their function and structure not defined, there is no substantiation of the functioning mechanism for rural markets.

3. Statement of the problem

Institutional support of modern processes in rural trade is poorly studied, the institutional framework in this area is not developed and this leads to a significant deformation in promoting trade in rural areas.

Therefore, the aim of this article is a scientific basis for the model of institutional support future development of the trade in the village. The relevance of such justification of trade increases with increasing social orientation of trade in the development of rural areas.

4. Applied methods and material

Based on the review of investigations on rural markets conducted by local researchers there were established omissions in this area. They have allowed the scientific substantiation of the model of institutional assurance of trade development in villages. The study allowed the identification, analysis and grouping of conflicting interrelated interests of the institutional environment of rural commerce operation. Settlement of expanded spectrum of established contradictions on delivery prices, rebates, lots' size, rationality of goods circuit, quality and safety of goods, distribution of income and expenditure, via market methods and mechanisms, competitive actions proved to be objectively ineffective. Practice shows that there is need for informal institutes for removing drawbacks in rural trade development. Research was conducted through the inherent processes of economic disciplines: observation of objective reality, assessment of phenomena, analysis and synthesis of information etc.

5. The main material

Many of the trends and phenomena that occur in the national economy and are manifested in the field of rural trade (quantitative growth, the globalization of commodity markets, the decline in purchasing power, the expansion of imports of goods, excessive differentiation of regional development of trade, expansion of shadow turnover of goods, discrimination of forms of ownership) can be fully explained by the methodological tools of institutional Economics.

The starting point of justification of the structural model of institutional support for the development of rural trade is the identification of interacting interests. Here you can define groups of interest that can be schematically represented as follows (Figure 1).

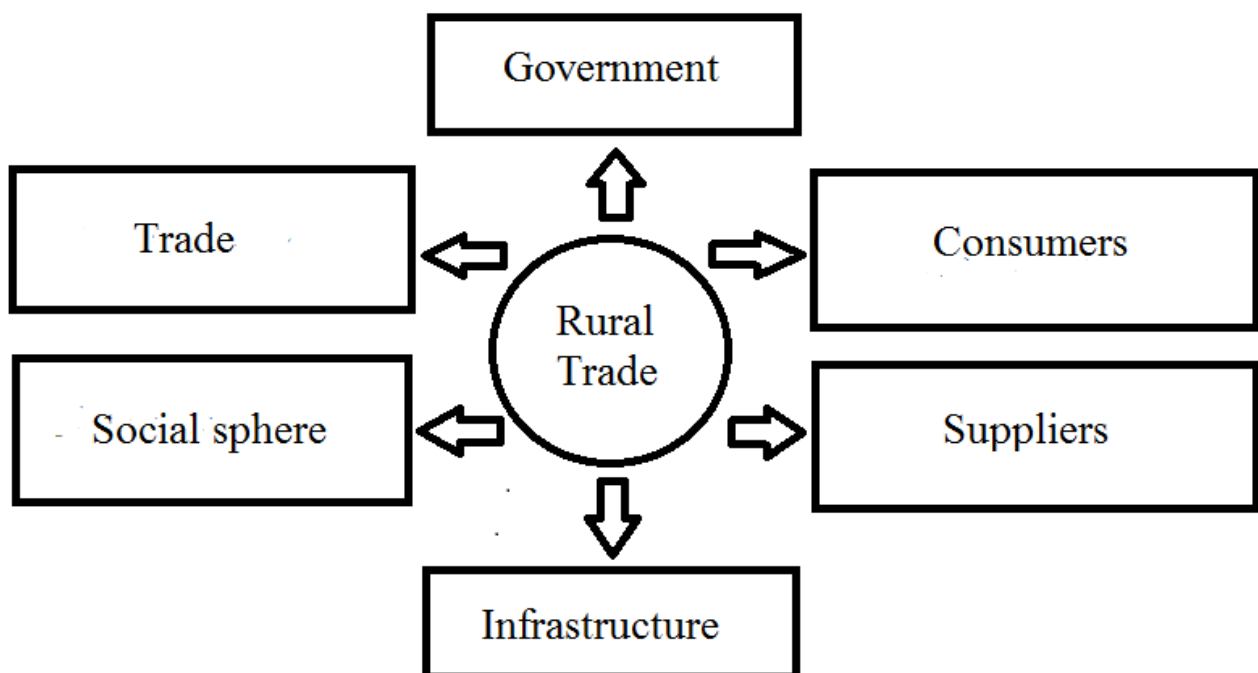


Figure 1: A group of interacting interests in the institutional environment of functioning of rural trade

As can be seen from Figure 1, interests in the system of relations between rural trades are multidimensional and multidirectional. Thus, the interests of the state and trade largely do not coincide. Contradictions arise in relation to assortment, price, and tax and credit policy. The interests of the rural economy, the social sphere require to subordinate the development and function of trade to optimal parameters of efficiency, profitability, economic and physical access of the population to shopping and services of competition.

Consumers demand from trade price stability, the compatibility of their range of goods and services volumes and demand structure, the minimization of the time for the purchase of goods, high quality goods and their safety. Strategic goals in trading are another - cost minimization, profit maximization, positive dynamic value indicators, and minimal social responsibility.

Between suppliers and trading there are also contradictions about the selling price, discounts, lot size, rationality freight, quality and reliability of products, distribution of expenses and income.

Such a wide range of contradictions objectively are impossible to overcome only by market methods and mechanisms, or by coordinating the actions of the competition. Modern institutions need institutional orientation to eliminate „gaps”. The Institute is formally a stable form of social organization, which reproduces social, economic, legal, organizational relationships.

The Institute (informal) is a set of moral norms, behaviors, traditions, customs, and mentality. The set of such institutions forms up an institutional structure.

The institutional model is based on a set of principles of institutionalism and related mechanisms - administrative, market, mixed, and self-regulation.

Structural model of institutional development and functioning of rural trade is as follows (Figure 2).

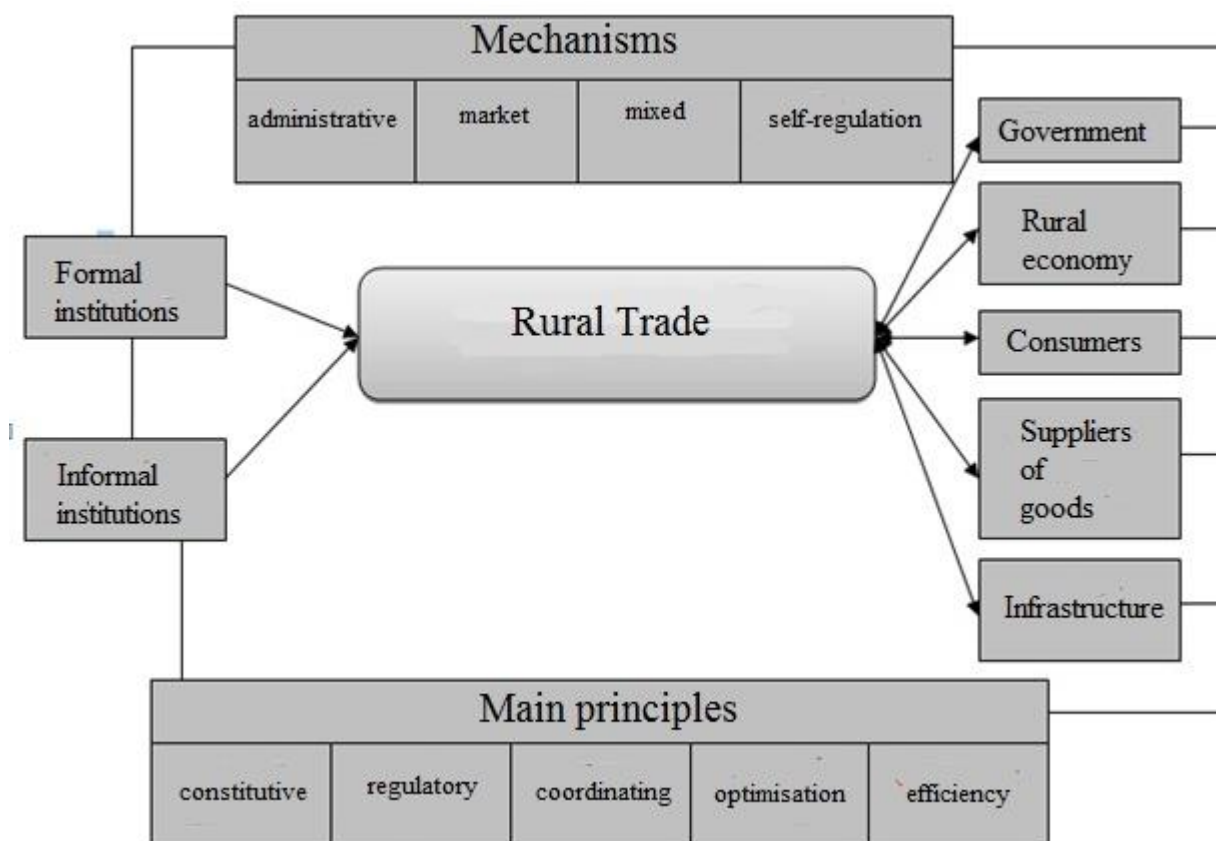


Figure 2: Structural model of institutional support for the development and functioning of rural trade

Structural model (Figure 2) forms a holistic view of the composition and contours of the model of institutional support for rural trade. The disclosure of the contents of such a model requires a comprehensive analysis of the impact on the trade sector participants in the system of economic, social, political, organizational relationships through the formal and informal institutions and related mechanisms.

A special role in the formation of institutional conditions for the development of rural trade belongs to the state. The state must implement an effective trade policy to create equal conditions for the development of various trading systems, to optimize transaction costs, to offer the best options of territorial-regional development structural changes of trade in rural areas. However, the underestimation of the importance of state regulation of these processes has led to significant deformation in the development of rural trade.

Consequently, there is an objective need for the development and implementation of effective trade policy in Ukraine. It should define strategic guidelines and state regulatory instruments for the development of internal trade in the context of current reforms of the national economy and to set directions and priorities for the development of rural trade and the socio-economic transformation in rural areas. Public policy should be based on the following principles:

- free development of all forms of trade in rural areas and restoration of the functions of cooperative trade;
- coordinated development of functional, organizational, social, economic and territorial structure of trade in rural areas;
- expansion of the formal sector of rural trade and contraction of the informal sector;
- innovative competitiveness of the subjects of trade and monopoly exception;
- legislative and regulatory support of the development and functioning of rural trade
- the introduction of trade in controlled channels and strengthening of state regulation;
- ensuring affordability and accessibility to all sectors of the rural population to trading services;
- social responsibility of trade and entrepreneurship.

An important place in the trade policy belongs to the legislative and regulatory framework. The analysis shows that the legal basis for the functioning of trade does not meet modern requirements to the level of its performance and competitiveness.

In Ukraine there is no Law „On internal trade”, legal norms in the economic Legislation of Ukraine are outdated and require a significant update of trade rules, standards, norms, standards.

Significant positive changes in the sense of state regulation of trading system is possible provided that the adoption of new laws, particularly the law of Ukraine „On internal trade”, law of Ukraine „On Electronic Commerce” and radical renewal of a number of existing laws.

6. Conclusions

Thus, improvement of the institutional development and functioning of rural trade is a complex and multidimensional process that includes formal and informal institutions, institutional mechanisms and regulators and aims at creation of a modern institutional environment, as well as an effective system of state regulation in the field of rural trade.

REFERENCES

1. BORSHEVSKY, V. V. Rozvytok silskyh terytory v systemi evrointegraciynyh priorytetiv Ukrainy [Development of rural territories in the system of European integration priorities of Ukraine] [Text]: monograph / edited by V. V. Borshevsky. Lviv: IRD NAN of Ukraine Publ., 2012, pp. 5-15.
2. DEMYANENKO, S. I. To the question of strategy of development of agrarian sector of economy of Ukraine. *Ekonomika APK* [Economics of agro-industrial complex]. 2014, No. 1, pp. 15-22. (in Russian)
3. PETRYCHENKO, V. F. Strategic directions of development of agrarian sector of economy for the period till 2010. Zbirka materialiv "Vseukrainskiy kongres vchenyh ekonomistiv-agrarnykyv" [A collection of articles "Ukrainian Congress of scientists of agricultural economists"]. Kyiv: Nauka Publ. 2013, pp. 21-28.
4. SABLUK, P. T. Development of rural areas in the context of ensuring economic stability of the state. *Ekonomika APK* [Economics of agro-industrial complex]. 2005, No. 11, pp. 7-15. (in Ukrainian)

Rezumat

În articol se abordează rolul și importanța mediului instituțional în funcționarea comerțului rural, se propune structura modelului instituțional al dezvoltării și funcționării comerțului rural.

Cuvinte-cheie: *piețele de mărfuri în zonele rurale, sprijinul instituțional al pieții din mediul rural, dezvoltarea piețelor de mărfuri în zonele rurale, problemele piețelor de mărfuri în zonele rurale.*

Аннотация

В статье рассматриваются роль и значение институциональной среды в функционировании сельской торговли, предложена структура модели институционального развития и функционирования сельской торговли.

Ключевые слова: *товарные рынки в сельских районах, институциональная поддержка сельского рынка, развитие товарных рынков в сельской местности, проблемы товарных рынков в сельской местности.*

ANALYSIS OF COMPETITION IN THE INSURANCE MARKET OF THE REPUBLIC OF MOLDOVA

Elena FUIOR, Prof., PhD,
Trade Co-operative University of Moldova
E-mail: elenauior@rambler.ru

Natalia BEJENAR, Doctoral student at TCUM, Consultant,
Ministry of Economy of the Republic of Moldova
E-mail: bejenar_natalia@mail.ru

JEL classification: G22, L41

Abstract

Ensuring a healthy competitive environment in the national insurance market is a necessary condition for an effective functioning of the current economic system and the basis for sustainable economic growth. In a functioning market economy, compliance with competition rules are necessary to safeguard the consumer interest and increase the competitiveness of products and services. Simultaneously, the insurance market is one of the key elements of the current financial system in the country.

In this paper there are analyzed the main features of the insurance market in terms of the number of insurance companies operating on the Moldovan market, the market share of each insurance company calculated based on the insurance services provided and calculated Herfindahl - Hirschman Index in order to determine the level of concentration in the relevant product market. The purpose of this paper is to analyze the level of competition in the insurance market in Moldova and to identify the main risks concerning the competitive environment. Also, the paper is focused on the analysis of compulsory insurance of motor liability, both internal and external in terms of competition.

Keywords: *insurance market, competition, market share, concentration level, compulsory motor third party liability insurance.*

1. Introduction

One of the conditions of a functioning market economy is to ensure a healthy competitive environment. Also, the insurance market is one of the basic links of the current economic system. This market aims to protect the economic system participants from potential negative risks that can produce financial and material damage. The role of insurance is to ensure the continuity of economic activities. Taking into account the role of insurance in the economic development of a country, it is necessary to ensure an undistorted competitive environment in the market. Thus, the insurance companies should be able to operate freely in the market without being adversely affected by economic entities that have a market power or are in a privileged situation.

In Moldova, the insurance market consists of a small number of insurance companies, of which eight insurance companies have the right to sell insurance certificates „Green Card”. If the competition rules are not respected in the national insurance market, there exists the risk that consumer could be harmed as a result of excessive price increases, reduced service quality and innovation.

In this paper, we aim to analyze the level of competition in the insurance market in the country and identify potential risks that could adversely affect the competitive environment. Also, the research objectives aim to identify the insurance companies that hold a dominant position on the relevant product market and may undertake anti-competitive practices and abuse of dominant position.

2. The investigation degree of the problem at the moment, the research purpose

The insurance market is investigated in the financial literature, particularly in terms of the functions it performs in ensuring a stable financial system, being less addressed competition concern. However, the presence of a healthy competition in the insurance market is a factor of progress which has a positive impact on economic activity of businesses, individuals and state. In this context, the financial professionals have addressed to a lesser extent the competitive problems in the market.

In the financial literature, the insurance market is analyzed in terms of the role it plays in ensuring business process continuity and participation in the capital supply in the financial market. Thus, we intend to analyze the insurance market in the country in terms of the competing theories, placing particular emphasis on the EU practice in this field.

3. Methods and materials applied

Analysis of the insurance companies in the market in terms of competition theory has been done based on the provisions of competition law and best practice in the European Union. In analyzing the competition level on the insurance market two basic indicators were used: market share and Herfindahl - Hirschman Index.

In the European Union competition law, the market share is the ratio of the turnover of the products in the relevant market obtained by the assessed enterprise and the aggregate turnover of all institutions. The Herfindahl - Hirschman Index is used to establish the level of concentration and is calculated by summing the squares of the market shares of each company. For example, in a market with 10 companies of the same size, HHI is 1.000; in a market with five companies of the same size - HHI is 2.000. If HHI is 1.000, the authorities responsible for the protection of competition won't seize; if the index exceeds 2.000, the market will be considered as concentrated. Markets with an HHI between 1.000 and 2.000 are considered to be moderate concentration markets [5]. Also, the statistical data concerning the activity of insurance companies were obtained from the reports of the National Commission for Financial Market about insurance sector for 2013-2014.

4. Results obtained and discussions

4.1. Theoretical approaches concerning the analysis of the insurance market

Insurance aims to reduce economic uncertainty, by transferring the damage of property to an insurance company that assumes the risk. The main functions of insurance relate to damage prevention, damage compensation and ensuring the continuity of economic processes. Moreover, the insurance market is an important source of funds for the financial markets that are used to

cover financial deficits. The insurance market has grown in importance due to the contribution that it has in economic development. According to the legislation, the insurance activity consists mainly of offering, negotiating and concluding contracts of insurance and reinsurance, collecting premiums, settling claims, performing regression and recovery actions. In Moldova, the insurance business is supervised by the National Commission for Financial Market (NCFM), which is an autonomous public authority responsible to the Parliament, which regulates and authorizes the activity of financial market participants and monitor the compliance under the law [8]. The insurance services can be provided after getting a license from NCFM.

The level of competition in a particular market depends on several factors, including: market structure, product characteristics or certain features of the demand and supply (elasticity with respect to price, etc.). Thus, in competition analysis in a particular market the following parameters will be taken into account: number of participants; transaction costs; the existence of entry or exit barriers to the market; sales prices; the company's ability to influence unilaterally the market prices. For general assessment of the competition level in a particular economic sector, the analysis must be conducted in all market segments. Thus, it is possible that some segments or some markets work properly in terms of competition; and other market segments register misrepresentation of competition, within the same economic sector. The most used indicators in assessing competition in a particular sector are: the number of enterprises; sector mobility rate; market share; Herfindahl-Hirschman Index; turnover to the number of employees in the sector; differentiation degree of the products within the sector; concentration rate; profitability rates evolution; barriers to entry; product price trend [9].

Analysis of market entry conditions is an important element in assessing the level of competition in the relevant market. The existence of entry barriers is a significant anti-competitive risk. A general condition for the entry of new competitors in the market is the sector profitability. Barriers to entry are specific market features for existing enterprise that offer a lot of advantages over potential competitors. Entry barriers can take the following forms: legal advantages; production advantages and the experience and reputation of existing businesses. According to art. 22 of the Law on Insurance, the minimum capital required for general insurance services is 15 mil. MDL and for life insurance activities – 22.5 mil. MDL. The companies that provide exclusively reinsurance activities must have a capital of 30 mil. MDL [8]. In general, the capital size does not matter so much for foreign investors, compared to the ability to get maximum profit for every dollar invested. The Moldovan legislation contains provisions that hinder the entry conditions in the insurance market and the main problems concerning the attraction of investors in this area are related to bureaucratic issues, which limit the competition in the market. Taking into account the investors intention to compare the entry conditions in the insurance market and other sectors, it is unlikely that they will invest their funds in this sector.

In order to determine the level of concentration in a particular market it is necessary to define the basic functional unit, namely the relevant market. The relevant market consists of a product or a group of products, along with the geographical area where they are sold, so a hypothetical company that aims to maximize profits, may impose a significant and a definitive price increase [3]. In the analysis of competition in the financial market it is important to note that the indicators used to reflect the level of market concentration in the economic sector may be used in the context of a relevant market, which is defined in an investigation initiated by the competition authority with a well-defined object. In the context of present analysis, it was used a top - down approach, so

the relevant market concept used in this material is close to the term of commercial market or trade market. Thus, from the demand side in insurance, the relevant market can be divided into two categories: life insurance and general insurance. Each insurance group can be divided into many relevant product markets taking into account the types of insurance risks, because the characteristics, purpose, risks and premiums are different and not substitutable for the consumer (eg. Insurance against fire damage can not substitute auto liability insurance). From the supply side, the insurance conditions for various types of risk are quite similar and most insurance companies offer products related to several types of risks. An insurance company that provides insurance products belonging to a certain group can easily change its product range and offer products belonging to other categories.

4.2. Practical approaches concerning the analysis of the insurance market in Moldova

Evolution of the number of firms in the insurance sector provides information concerning the entry barriers and existent competitive pressure in the sector. In the insurance market in Moldova there are licensed 15 insurance companies. Their number has reduced considerably in comparison with 2012, when 24 insurance companies were active in the market, even more alarming is the situation if we compare with 2007, when 32 insurance companies were active in the market. The decreasing number of the insurance companies outlines the intensification of the competition problems in the national insurance market.

Taking into account the availability of statistical data, the analysis was focused on determining the level of competition in the insurance market based on market share and value of the Herfindahl-Hirschman Index.

In Moldova, the insurance market consists of 15 insurance companies and 69 insurance brokers. By Decision of the National Commission for Financial Market no. 57/12 of 29.11.2013 it was accepted the application of voluntary withdrawal of the license to „Exim-Asint” insurance company. Thus, in 2014, „Exim-Asint” participated in the calculation of market indicators due to extinguished contractual obligations. In the insurance market, 4 insurance companies provide general insurance services and 2 companies provide life insurance services of the total number of insurance companies. According to data, at the end of 2014, general insurance accounted for - 93.4% and life insurance - 6.6% of the total gross written premiums. Also, currently 8 insurance companies are allowed to sell „Green Card” insurance certificates.

Regarding the structure of the market in terms of gross written premiums, „Moldasig” insurance company has the largest share. Table 1 reflects the picture of the gross written premium share of the insurance companies in 2013-2014.

Table 1: The structure of gross written premiums by insurance companies in 2013-2014

Name	2013		2014	
	Total gross written premiums, Thousand MDL	Share of gross premiums in total, %	Total gross written premiums, Thousand MDL	Share of gross premiums in total, %
1	2	3	4	5
„Acord-Grup”	34 048,0	2,87	56743,5	4,71
„Asito”	192 898,9	16,24	186291,8	15,48
„Asterra Grup”	35 640,3	3,00	62186,7	5,17

1	2	3	4	5
„Auto-siguranta”	13 750,4	1,16	14443,9	1,20
„Donaris-Grup”	100 911,5	8,50	129187,4	10,73
„Exim-Asint”	6 314,8	0,53	39,7	0,00
„Galas”	49 194,3	4,14	59790,6	4,97
„Garantie”	32 753,4	2,76	47737,8	3,97
„Grawe Carat Asigurări”	130 861,9	11,02	137750,5	11,45
„Klassika Asigurări”	35 847,6	3,02	44028,9	3,66
„Moldasig”	343 364,1	28,91	282019,2	23,43
„Moldcargo”	122 418,9	10,31	92202,6	7,66
„Moldova-Astrovoz”	18 676,2	1,57	9618,5	0,80
„Sigur-Asigur”	3 356,7	0,28	3778,6	0,31
„Transelit”	32 744,9	2,76	37013,0	3,08
„Victoria Asigurari”	34 840,3	2,93	40718,5	3,38
Total	1 187 622,2	100	1203551,2	100

Source: developed by the authors based on the reports of the National Commission for Financial Market for 2013 and 2014 [12].

According to the table, in 2014, Moldasig held the largest share in the insurance market (23.4%), followed by Asito (15.5%); Grawe Carat Insurance (11.45%), Donaris-group (10.73%) and Moldcargo (7.66%). Cumulatively, the top five leaders had a share of 68.75% in the total gross written premiums. Also, „Asito” and „Moldasig” cumulatively held a share equal to 38.91% of total gross written premiums in 2014.

According to statistics, at the end of 2014, insurance companies earned gross premiums amounting to 1203551,2 thousand MDL, of which 99.71% - gross written premiums from direct insurance and 0.29% - insurance premiums collected on reinsurance risks. The gross written premiums increased by 1.34% compared to 2013. In addition, the insurance companies paid compensation and insurance payments in the amount of 513,6 mil. MDL, of which 99.3% (509,9 mil MDL) - compensation and insurance payments paid for direct insurance claims and 0.7% (3,7 mil MDL) - for claims concerning reinsurance risks.

In the insurance market, liability insurance had the highest share - 51.7%, followed by property insurance - 34.1% and personal insurance with a share of 13.9%. Structure of gross written premiums in 2014, taking into account the object of insurance is shown in Figure 1.

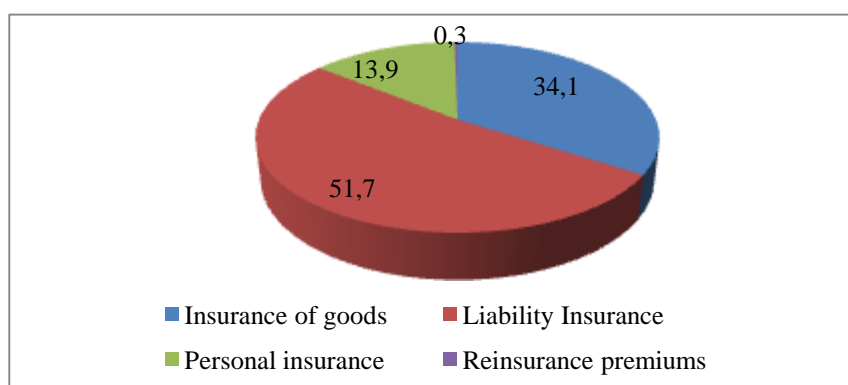


Figure 1: Structure of gross written premiums according to the object of insurance in 2014, %
Source: developed by the authors based on the reports of the NCFM for 2014 [12].

In 2014, motor third party liability insurance accounted for 44.1% of total gross written premiums. Simultaneously, it was found that the share of „Green Card” insurance was equal to 21.9% and internal compulsory motor third party liability insurance - 20.0% of total gross written premiums. Also, a significant market share had CASCO insurance, which recorded an amount equal to 19.5% of total gross written premiums. The personal insurance had the following structure: accident insurance - 2.1%, health insurance - 5.2% and life insurance - 7% of total gross premiums written. Also, analyzing the structure of insurance of goods, we can mention that insurance against fire and other natural disasters recorded the value of 8.1%, airships insurance - 2.6%, insurance of goods in transit - 0.6% and other property insurance - 3.6% of total gross written premiums.

Given the significant share of CASCO insurance, Green Card and domestic motor third party liability insurance, we intend to examine the level of competition between insurance companies in this context. Thus, the results obtained in the chapter insurance of goods, land vehicle insurance (CASCO) and compulsory liability insurance category, domestic motor insurance services are reflected in the table below.

Table 2: Structure of land vehicle insurance (CASCO) and domestic motor third party liability insurance market, according to market share in 2014, %

Name	Land vehicle insurance (CASCO)		Domestic motor third party liability insurance	
	Individuals	Legal entities	Individuals	Legal entities
„Acord-Grup”	7,03	4,55	4,16	0,99
„Asito”	0,35	11,88	0,45	48,33
„Asterra Grup”	15,23	10,60	5,74	8,51
„Auto-siguranta”	0,12	0,74	7,78	1,69
„Donaris-Grup”	11,32	11,23	12,32	6,32
„Exim-Asint”	0,03	0,01	0,00	0,00
„Galas”	5,98	0,99	0,07	2,98
„Garanție”	8,20	4,67	3,42	4,45
„Grawe Carat Asigurări”	9,95	13,85	7,45	4,00
„Klassika Asigurări”	1,13	3,39	3,01	1,69
„Moldasig”	15,02	22,00	35,38	11,34
„Moldcargo”	12,06	9,81	10,14	6,23
„Moldova-Astrovaz”	0,47	0,28	1,70	0,32
„Transelit”	5,78	2,53	7,23	2,28
„Victoria Asigurari”	7,33	3,46	1,14	0,87
Herfindahl-Hirschman Index (coefficient)	1071,39	1225,77	1750,14	2672,69

Source: developed by the authors based on the reports of the NCFM for 2014 [12].

As shown in Table 2, CASCO insurance market has a medium level of competition. The statement is based on the fact that the Herfindahl - Hirschman Index (HHI) for insurance services for individuals (1071.39) and for legal entities (1225.77) registered a value up to 2000. Markets with an HHI between 1000 and 2000 are considered to be with a moderate level of concentration. In addition, in the case of land vehicle insurance (CASCO) for individuals, the leading insurance company is Moldasig (15.02%), followed by Asterra group (15.23%) and Moldcargo (12.06%). The insurance company Grawe Insurance Carat held a commanding market share - 13.85% of CASCO insurance market for legal entities.

The domestic compulsory motor third party liability insurance market for individuals recorded a moderate level of competition. The HHI was equal to 1750.14. Moldasig owned the biggest

market share with a value of 35.38%. Regarding domestic motor third party liability insurance market for legal persons it was registered a value exceeding the upper limit of HHI (2000). Thus, there is a high degree of market concentration and the market power is held by a limited number of companies. The insurance company „ASITO” held a market share equal to 48.33%, followed by Moldasig with 11.34%.

The „Green Card” liability insurance is a type of compulsory motor insurance for vehicles that travel abroad. The „Green Card” certificate of insurance is issued on behalf of the National Bureau of Motor Insurers and certifies the existence of compulsory motor liability valid outside the issuing country [7]. The National Bureau of Motor Vehicles Insurance is a professional, non commercial legal entity that performs the country’s duties in the Council of Bureaux of the International Insurance System „Green Card”. Also, the Bureau issues the forms of „Green Card” insurance certificate to the insurer licensed to provide external compulsory motor third party liability insurance. The external compulsory motor insurance services are provided by the insurance companies after getting a license from the National Commission for Financial Market and holding membership in the National Bureau of Motor Insurers. On the territory of Moldova 8 insurance companies are authorized to issue international certificates of „Green Card” liability insurance. The table below shows the structure of the „Green Card” insurance market according to market shares in 2014.

Table 3: Structure of „Green Card” insurance market, according to market shares in 2014, %

Name	„Green Card” insurance	
	Individuals	Legal entities
„Asito”	0,36	51,29
„Donaris-Grup”	32,35	14,58
„Grawe Carat Asigurări”	3,84	1,90
„Klassika Asigurări”	7,90	5,27
„Moldasig”	44,22	16,40
„Moldova-Astrovaz”	3,20	1,10
„Moldcargo”	0,0013	0,00
„Victoria Asigurari”	8,13	9,46
Herfindahl-Hirschman Index (coefficient)	3155,35	3234,62

Source: developed by the authors based on the reports of the NCFM for 2014 [12].

According to the results in the table, we can mention about the strong concentration in „Green Card” insurance market. The Herfindahl-Hirschman Index coefficient for both insurance services provided to individuals, as well as legal entities exceeded the upper limit of the average level of market concentration (2.000). Also, it is necessary to note that „Green Card” insurance market for individuals is dominated by services provided by „Moldasig” (44.22%) and the leader in the provision of „Green Card” insurance for legal entities is „Asito”, with a market share of 51.29%.

On the segments analyzed above a high level of market concentration is shown, namely domestic auto liability insurance for legal entities and „Green Card” insurance provided to individuals and legal entities. In addition, insurance companies „Moldasig” and „Asito” hold a significant market share, more than 40%. According to pt. 13 of the Regulation of the Competition Council on the establishment of market dominance and evaluation of the abuse of dominant position, if the company has a market share that exceed 40% in a relevant market, there is the risk that it may hold a dominant position. Thus, a dominant position on the market between one or more companies is considered to be conducive to coordinated effects and abuse of dominant position [1]. The abuse

of dominant position means an unfair and unjustified increase in prices, limited sales, reduced service quality or limited innovation.

Simultaneously, the „Green Card” liability insurance market is characterized by a very detailed internal and external regulation. The „Green Card” insurance is issued based on uniform and clear rules established at international level by the General Regulation of the Council of Bureaux of the International Insurance System „Green Card”, adopted in Rethymno (Crete) on 30 May 2002. According to art. 11, paragraph (3) of the Law on compulsory insurance of liability for damage caused by vehicles, it is prohibited for the insurance companies to collect premiums under the quantum set by the National Commission for Financial Market.

Thus, taking into account the existing regulations on „Green Card” insurance, we would like to mention that companies which issue „Green Card” certificates are unable to influence: the price, production, product quality, product variety or innovation. Competition is prejudiced if at least one of the dimensions mentioned above is harmed. In other words, the „Green Card” insurance market is characterized by an environment with no competition between participants and their activity doesn't increase the consumer welfare. The competition between insurance companies in this market is limited to market resources. In these circumstances, even a small number of insurance companies in the market could not influence the market price or product quality.

Also, we should mention that according to the law on compulsory insurance of liability for damage caused by vehicles, in 5 years after approval, the insured and insurers should have established the amount of premiums for compulsory motor liability insurance according to the regulations and bonus-malus system developed by the National Commission for Financial Market. This action derived from the need to insure market liberalization and increase consumer welfare.

The insurance companies „Moldasig” and „Asito” owned a share equal to 38.91% of total gross written premiums in 2014. Also, in 2014, „Moldasig” company collected premiums from liability insurance in the amount of 159.9 mil. MDL, which represented 56.7% of total gross written premiums of the company. In addition, in terms of liability insurance, „Moldasig” held a share of 25.7% in the total gross written premiums in the sector. Simultaneously, „Moldasig” collected insurance premiums of property insurance in amount of 110.1 mil. MDL, which represented a share of 39.04% in the total insurance portfolio of the company. However, personal insurance represented - 4.22%. In parallel, „Asito” received liability insurance premiums in the amount of 135.2 mil. MDL, which represented 72.6% of total premium income, followed by goods insurance premiums with a share of 18.6% (34.7 mil. MDL) and personal insurance - 7.11% (13.3 mil. MDL). Also, „Asito” held a share equal to 21.7% of liability insurance and property insurance - 8.5% of total gross written premiums of the company in 2014. Thus, it can be concluded that both insurance companies focus on achieving gains from liability insurance, especially from auto liability insurance (Green Card and internal motor insurance).

The insurance company „Moldasig” was founded in 2002 by three state-owned companies: commercial bank „Banca de Economii” with a shareholding of 51%, SE „Calea Ferată din Moldova” with 25% and SE „Poșta Moldovei” - 24%. According to the results of 2003, Moldasig became one of the top 3 leading companies on the insurance market in the country. In 2004, the insurance company obtained the status of national insurance company and focused on infrastructure development at national level. Also, within 3 years the company managed to become a leader in the national insurance market, in terms of written premiums, growth and liquidity

dynamics. In the period of 2008-2011, a significant share of the company's shares were purchased by the group of companies „Rosgosstrah” („Росгосстрах”), following the capital increase from 12 million to 60 million MDL. In 2012, „Rosgosstrah” sold the majority stake to five private companies. As a result, among the shareholders are eight legal entities, including three state-owned companies (Banca de Economii - 10.2%; SE „Calea Ferată din Moldova” - 5% and Poșta Moldovei - 4.8%). Currently, based on public data is no clarity on undertakings holding stakes in „Moldasig” insurance company. Also, we should mention that in 2011, Moldasig bought 99.9% of „Asito Kapital” stocks from Norcross Insurance Company Limited, a company registered in the British islands. The „Asito Kapital” company was established in July 1998 as coordinator of the insurance and reinsurance activities of the Lukoil Group concerning risks in the oil industry [10].

Regarding the financial results in 2014, „Moldasig” collected insurance premiums in the amount of 282.02 mil. MDL, decreasing by 61.3 mil. MDL compared to the previous year. Also, compensation was paid in the amount of 232.98 mil. MDL, increasing by 57.6 mil. MDL. At the end of 2014, the insurance company made a profit of 26.3 mil. MDL, decreasing by 11.8 mil. MDL compared to 2013.

The insurance company „Asito” was founded on June 6, 1991, by decision of its founders and following the reorganization of the Moldovan State Insurance Department. On September 29, 1999, QBE Insurance Group Limited acquired the majority stake of „ASITO”. Currently, ASITO has a statutory capital equal to 46.5 mil. MDL, consisting of Windon & Flanders Limited majority stake - 50.1%, a company registered in London. Also, important holders of shares at Asito are Dorman Management Limited (17%) and Ourimon Venture Limited (16%), both companies are registered in Cyprus [11]. In 2014, „Asito” collected insurance premiums in the amount of 186.3 mil. Lei, decreasing by 6.6 million MDL compared to the previous year. During the year were paid compensations in the amount of 42.5 mil. MDL, less with 25.5 mil. MDL compared to 2013. At the end of 2014, had increased the financial problems in the company. The loss before taxation was equal to 54.8 mil. MDL, increasing by 34.6 mil. MDL compared to 2013.

For an efficient and effective competition policy, there is a need of adequate and well-designed means to counteract all sources of harm to competition and consumers. Thus, owning a minority stake in an enterprise, considering that this person already controls (alone or jointly) at least one company is a control lever of economic activity, which could create significant barriers to competition. Under these conditions, it is necessary to publish and inform the supervisor authority about all shareholders holding stakes in insurance companies and to notify the national competition authority about the intention to acquire a minority stake in national insurance company, even if it does not relate to the acquisition of control packages.

5. Conclusions

The insurance market in Moldova is characterized by a moderate level of competition. Among the arguments to support this statement is the average number of market participants and the top 5 insurance companies had a share equal to 68.75% of total gross written premiums. Ensuring a healthy competition in this market is one of the main priorities, because insurance is the link that contributes to economic development in the context of market economy.

Currently, the insurance market is dominated by earnings obtained from CASCO insurance and internal compulsory motor liability insurance. Motor liability insurance market is dominated by

the activity of two insurance companies: „Moldasig” and „Asito”. Also, according to the results, there is a high level of concentration in the „Green Card” market. „Moldasig” has a market share equal to 44.2% of services provided to individuals and „Asito” - 51.3% of the „Green Card” market for legal entities. Under the competition law, a market share greater than 40% is conducive to coordinated effects and abuse of dominant position.

One of the most important issues that characterize the „Green Card” market is the existence of a detailed internal and external regulatory framework. These require measure implementation to liberalize the insurance market, which is an economic environment where there is no competition between the participants and their activity does not contribute to consumer welfare.

Also, in order to promote effective competition policy it is necessary to supervise all the intentions of gaining control of an insurance company by individuals or legal entities, who own other companies. In this context, it is proposed to publish the list of the shareholders in order to make more transparent the control system of the insurance companies.

REFERENCES

1. Decision of the Competition Council on approving the Regulation on establishing dominant position on the market and assessing the abuse of dominant position. No. 16 of 30.08.2013. In: Official Journal of 20.09.2013, no. 206-211/1441.
2. Decision of the Competition Council of the Republic of Moldova on approving the Regulation on economic concentrations. No 17 of 30.08.2013 In: Official Journal of 11.10.2013, no. 222-227/1501.
3. European Commission Notice on the definition of the relevant market for the purpose of Community law. Published in Official Journal C 372 on 09 December 1997, P. 0005-0013.
4. European Council Regulation (EC) no 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation). Published in Official Journal L 24 on 29 January 2004, p. 1-22.
5. Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings. Published in Official Journal C 031 on 5 February 2004, P 0005-0018.
6. Law of the Republic of Moldova on competition no. 183 of 11.07.2012. In: Official Journal of 14.09.2012, no. 193-197/667.
7. Law of the Republic of Moldova on compulsory insurance of civil liability for damage caused by vehicles no. 414-XVI of 22.12.2006. In: Official Journal of 09.03.2007, no. 32-35.
8. Law on insurance of the Republic of Moldova no. 407-XVI of 21.12.2006. In: Official Journal of 06.04.2007, no. 47-49.
9. Report of the Competition Council of Romania on the development of competition in key sectors in 2012. http://www.consiliulconcurentei.ro/uploads/docs/items/id8081/consiliul_concurentei_raport.pdf. (visited 20.04.2015).
10. Reports of the insurance company „Moldasig”. <http://moldasig.md/compania/history/> (visited 21.04.2015).
11. Reports of the insurance company „Asito”. <http://asito.md> (visited 21.04.2015).
12. Reports of the National Commission for Financial Market of Moldova on insurance sector. <http://cnpf.md/md/infost/> (visited 21.04.2015).

Rezumat

Asigurarea unui mediu concurențial sănătos pe piața asigurărilor din țară este condiția necesară pentru funcționarea eficientă a sistemului economic actual, precum și bază pentru o creștere economică durabilă. Într-o economie de piață funcțională, respectarea normelor privind concurența este necesară în vederea apărării interesului consumatorilor și creșterii competitivității produselor și serviciilor. Concomitent, piața asigurărilor este unul din elementele cheie ale sistemului financiar actual din țară.

În lucrarea data au fost expuse principalele caracteristici ale pieții asigurărilor din punctul de vedere al numărului companiilor de asigurare care activează pe piața din Republica Moldova, cota de piață deținută de fiecare companie de asigurare în dependență de serviciile de asigurare acordate, precum și calculat Indicele Herfindahl - Hirschman pentru a determina nivelul de concentrare pe piața relevantă a produsului. Scopul lucrării este analiza nivelului concurenței pe piața asigurărilor din țară și identificarea riscurilor privind mediul concurențial pe piața dată. În textul lucrării s-a pus accent pe studiul serviciilor de asigurare obligatorii de răspundere civilă auto internă și externă.

Cuvinte-cheie: piața asigurărilor, concurență, cota de piață, nivelul de concentrare, asigurări obligatorii de răspundere civilă auto.

Аннотация

Обеспечение здоровой конкуренции на рынке страхования в стране является необходимым условием для эффективного функционирования нынешней экономической системы и основой для устойчивого экономического роста. В рамках функционирующей рыночной экономики соблюдение законодательства о конкуренции необходимо для защиты интересов потребителей и повышения конкурентоспособности продукции и услуг. В то же время, рынок страхования является одним из ключевых элементов нынешней финансовой системы.

В данной статье анализируются основные особенности страхового рынка с точки зрения количества страховых компаний, работающих на молдавском рынке, рыночная доля каждой страховой компании в соответствии с видами оказанных страховых услуг, а также вычислен Индекс Герфиндаля — Гиршмана, с целью определения уровня концентрации на соответствующем рынке. Целью данной работы является проведение анализа уровня конкуренции на страховом рынке страны и выявление рисков конкурентной среды на соответствующем рынке. В статье поставлен акцент на исследование услуг внутреннего и внешнего обязательного страхования автогражданской ответственности.

Ключевые слова: страховой рынок, конкуренция, доля рынка, уровень концентрации, обязательное страхование автогражданской ответственности.

ABOUT PROTECTING THE RIGHTS OF CHILDREN AND YOUNG PEOPLE IN THE LAWS OF DIFFERENT COUNTRIES

Elena PEVTSOVA, Prof., PhD, Vice-Rector,
Russian University of Cooperation
E-mail: pevtsova@bk.ru

JEL classification: K36, K33

Abstract

The article in the historical context discloses peculiarities of conception of protecting the rights of children and young people in Russia and other countries of the world. The author has drawn the conclusion that the present system of protecting the rights of children and youth should be designed in a new way: independent state function of cultivating sense of justice is very important, in the framework of which system activities of monitoring legal consciousness of society are necessary to reveal its flaws, to work out corrective action plan to eliminate them, to prevent from violations of children and young people rights and, if necessary, to ensure their most effective protection.

It is important to codify numerous law norms to protect the rights of children and youth, to strengthen measures of professional responsibility of persons involved in legal education. It is necessary to develop the law „On the organization of legal education and prevention of infringements of law among children and youth”, which is to consolidate measures on maintaining the legal activity of this category of persons, their socially significant initiatives. Persons enrolled in schools are in need of special protection. Development of normative legal acts relative to the law and aimed at protecting students is effective in case of consolidation in the State Basic Law of constitutional and legal status of a child of school age, and which is not identical to status of a capable citizen. Protecting the rights of children and youth will be effective only if there is a high level of legal awareness and legal culture of the society.

Keywords: *the rights of children and youth, legal status of a child, legislation concerning children and youth, legal education of children and youth, function of the state cultivating sense of justice.*

1. Introduction

Actuality of the topic is determined by the fact that, firstly, in the Russian legal science the problem of understanding and developing effective ways of protecting the rights of children and young people is not treated as an independent element of the legal system, there are no clear categories characteristic of it, which leads to the substitution of a conceptual approach by empiricism [4, 6, 11, 15, 18, 19]. It is often said either about children's rights or the rights of young people, violating the principle of continuity of the legal status of this category of persons. Meanwhile, the successful functioning of the state depends in many respects on the state of joint rights of children and young people, on developing effective mechanisms to ensure their protection, which requires up-to-date scientific justification for their apprehension on the part of legal science. Secondly, many of the new legal acts, the number of which has increased under legal reform and modernization of education, are difficult to implement due to the underdevelopment of certain acts aimed at supporting children and young people. There is decrease in the educational component of the legislation, though laws play an important educational function, and laws do not solely rely on state coercion but persuasion as well.

2. Degree of investigation of the problem at present

The rights of children and young people are an integral part of human rights recognized by Russian legal science for several centuries. Nowadays they are embodied in the normative legal acts regulating the most diverse spheres of life: education, culture, public health, labour, and many others. This proves that the legislation on children and youth in Russia is not associated with any one branch of the law and does not stand out as a branch of the legislation, it includes the norms of constitutional, civil, labor, criminal, criminal procedure and other areas of law.

From the standpoint of the theory legislation on children and young people can be viewed as a set of normative legal acts regulating the relations where one of the parties are children and youth (persons under 18 years of age, young citizens up to 25 years, youth and children's public organizations, business organizations with predominantly youth team of workers, young families, and so on). The study of the law protecting the rights of children and youth, as well as their practical implementation allows to conclude that the abovementioned normative legal acts must be comprehensively integrated, codified in order to ensure uniform and continuity approach to effective legal regulation of fundamentally important relationship between those who the Future of the state belongs to.

Legal practice shows that the rights of children and young people are more often applied to when their violation or infringements of law are stated, when the negative consequences of the offense manifested themselves.

Meanwhile, from our point of view, the rights of children and youth rights should be considered, with emphasis on the educational effect of law. This approach will allow the legislature to prevent the violation of the rights of children and youth, to implement the principle of mutual responsibility of the individual and the state.

The results of the educational process are not immediately obvious, but they create a strong foundation for the future development of the rule of law.

3. Methods and materials applied

Study of the identified problem was carried out by using the following methods: logical, comparative, historical, sociological and quantitative. The mentioned methods were used in the analysis of legislative and normative acts, national and international ones, regarding the protection of the rights of children and youth, synthesis of actual state of affairs in the field existing in the Russian Federation.

4. History of developing law on of children's and youth rights

Formation of the rights of children and young people is associated with the history of human rights in general. With certain reservations emergence of ideas about the specific rights of children and young people can be dated from the V-VI centuries BC. They have evolved in parallel with the theories of universal human equality, as reflected in the Magna Carta (1215), the Petition of Right (1628), Habeas Corpus Act (1679), the Bill of Rights (1689); Virginia Declaration of Rights (1776), the Declaration of Independence of the United States of America (1776), the US

Constitution (1787), the Bill of Rights (1789-1791); the French Declaration of the Rights of Man and Citizen (1789), the Universal Declaration of Human Rights (1948).

Initially, the rights of children and young people as an independent direction in the theory and practice of human rights was not singled out, their regulatory consolidation was carried out in a class-limited version. Decisive stage was the bourgeois-democratic revolutions in XVII-XVIII centuries, which resulted in recognizing the universal nature of the rights of children and young people from different social strata. The terms „child” and „young man” for a long time remained uncertain in the law and in need of protective measures and guarantees on the part of the law and the state [2].

In the early twentieth century, the rights of children tend to be viewed in the context of the problems of child labour, child trafficking. Up to 20-ies of the twentieth century different countries passed some legal acts aimed at the protection of minors in the sphere of Labour. Initially, concern for children and young people in European countries was realized as „one of the directions of the Christian assistance to the poor”. Eventually it came to be regarded as part of the state system of prevention of conflicts in society. Surveillance system for children and youth was also being developed. A number of law acts were aimed at reducing the scope of youth occupational injuries and preventing the growth of juvenile delinquency. Along with the development of legislation enforcement practice is formed (in the framework of the courts).

The need for legislation to protect the health of children, and their rights impelled the League of Nations to adopt the Geneva Declaration on the Rights of the Child in 1924.

Since the 20-ies of the twentieth century there have been two systems of state regulation of relations concerning children and youth, which were significantly different in concept and mechanisms. One of them was formed in Germany during the Weimar Republic. It is based on the ideas of social pedagogy- primarily on postulate of individual freedom of the child - and the rule of law. In 1922, the Weimar Republic enacted laws on youth welfare - a comprehensive legal act containing regulatory consolidation of state responsibilities for securing labour and other social rights of the young man. The law was repealed in the years of fascism and then revived in the jurisprudence of both emerged after World War II German states - East and West Germany: in 1949 West Germany renewed the Act 1922 with the adjustment of a number of provisions (subsequently amended versions of the Act on the welfare of young people were passed in 1953, 1977, 1986), in 1950 in East Germany there was passed the Law on Youth (subsequent laws on Youth were passed in 1964 and 1974). After the unification of Germany in 1990 a new law on assistance to children and young people was enacted. It covered the issues of employment, social security, family relations. Special rules began to regulate the state support of youth organizations.

In Soviet Russia, one could see a different approach to the development of legislation on children and youth. This process was influenced by the activities of Vladimir Lenin. For example, after the III Congress of RKSM (02/10/1920), the youth public organization - the Young Communist League (RKSM) acquired special powers to represent the interests of young people and became an important element of social and state system. Youth policy of the Communist Party was enshrined in legislation.

The next important step was the adoption in UN in 1959 of the Declaration of Rights of the Child, which proclaimed social and legal principles relating to the protection and welfare of children. It noted that „the child, by reason of his physical and mental immaturity, needs special safeguards

and care, including appropriate legal protection, before and after birth as well". The document consists of 10 provisions (principles, as they were called in the Declaration), the recognition and observance of which should allow „to provide children with a happy childhood”.

The end of the twentieth century becomes crucial in the development of legislation on children and youth. For example laws on social protection of young people were passed in Austria, Afghanistan, Greece, India, Spain, Italy, China, the Netherlands, Turkey, Finland and Sweden. Many countries established public authorities for Youth, national programs were adopted. Measures for the development and passing of legislation on youth were deemed necessary at the intergovernmental level.

At present, the concepts of the legislation on youth differ on the role of the state in ensuring the rights of young people. The concept implemented in the US is based on the minimum participation of state structures in the socialization of young people. Social support for young people is concern of charitable private organizations. By contrast, the model, typical for Sweden, Finland and other countries, by contrast, is based on the special role of the state, strict regulation by law of measures to support young people and youth organizations. Between these models, there are many transitional options.

In Russia (USSR), the working out draft of Law on Youth (1987-1991) was conducted in conditions of acute ideological and political struggle in the Soviet society. The development team suggested that not special rights of young people should be consolidated in the law, but the State's obligation to support the young person through the adoption of special measures of economic, legal and organizational character. This provision is important both in social and in legal sense, as widely spread in society the idea of creating the Youth Act contradicted the prevailing sector structure of law and the firmly established hierarchy of normative legal acts. That is why, the task of improving the legislation on young people is not how to build a „code of human rights for the young man”, but in the establishment of principles and guarantees for the realization of state youth policy in the country. The existing problems showed that some declarative principles were not enough [5, 7, 8, 13, 14, 17]. It was necessary to have documents, in which measures and ways of protecting children's rights were fixed on the basis of legal norms. To this end, in 1974, the Declaration on the Protection of Women and Children in Emergency and Armed Conflicts was adopted, in 1986 there was adopted the Declaration on Social and Legal Principles relating to the Protection and Welfare of Children, with Special Reference to Fostering Placement and Adoption on national (host family - compatriots) and international (host family - foreigners) levels.

For 10 years (from 1979 to 1989), experts from many countries participating in the UN Commission on Human Rights, had been developing the text of the new provisions on the rights of the child, which would be the best to take into account all aspects of the child's life in society. This document is called the Convention on the Rights of the Child, and was adopted by the UN General Assembly on November 20, 1989.

Under the Convention, the basic principle of the protection of children's rights is the recognition of the priority of children's interests. The most prominent is the requirement of special public concern about the socially vulnerable groups of children: orphans, the disabled, refugees, etc.

In accordance with these principles: the child has the right to life and development; the child has the right to preserve his or her identity, including nationality, name and family relations; the child has the right to liberty, freedom of thought, conscience and religion. This right includes the

freedom to express their opinions orally, in writing or in print, in the form of art, or through any other media of the child's choice; child has the right to protection from all forms of physical or mental violence, exploitation, abuse, neglect or ill-treatment on the part of parents and legal guardians or any other person who has the care of the child; the child deprived of a family environment is entitled to special protection and assistance provided by the state; the child has the right to a standard of living adequate for physical, mental, spiritual, moral and social development. Mentally or physically disabled child should enjoy a full and decent life, in conditions which ensure dignity, promote self-reliance and facilitate the child's active participation in society. The child has the right to health and social security, including social insurance. The child has the right to education, which should be directed to the development of the personality, talents and mental and physical abilities to their fullest potential, moral and social development. States undertake to respect and abide by international humanitarian law concerning children in armed conflict zone. States shall take all feasible measures to ensure that persons under the age of 15 years do not take direct part in hostilities. Recognizing the child a separate legal entity, the Convention sets States the task of preparing the child for an individual life in society, educating him in „a spirit of peace, dignity, tolerance, freedom, equality and solidarity”.

In contrast to the Declaration of the Rights of the Child, which simply proclaimed certain principles, the Convention has established minimum standards for moralities and law. These rules are binding on all countries which ratified the Convention. The Convention is the first international instrument in which the rights of children are most fully set forth: not only economic, social and cultural, but civil and political rights as well. Another important feature of the Convention is that for the first time the rights of children acquired the force of international law.

Dialogue between international expert community, national and international organizations to protect the rights of children and young people was carried on outside the UN - on special international meetings. Thus in 1990, the World Declaration on the Survival, Protection and Development of Children was adopted in 1990-s. In addition, a plan of actions for the implementation of this document was produced. It included practical measures aimed at:

- Improving the lives of children and increasing their chances of survival by way of bigger access to health care for women and children;
- Reducing the spread of preventable diseases;
- Creating more opportunities for education;
- Solving the food problem; protection of children in emergency zones.

For example, one of the main goals of the World Declaration of 1990 was to reduce by 2000 the death rate of children under 5 years by one-third. Globally, this ratio was reduced by only 14%, but more than 60 countries reached the desired result. The number of reported cases of child malnutrition in developing countries was reduced by 17%. The situation with drinking water was improved: from 1990 to 2000 another 816 million children got the opportunity to use high-quality drinking water. Significant progress was made in the field of education: the number of pupils in primary schools was increased, many countries extended the period of basic schooling, and the longer is the duration of compulsory education, the higher is the minimum age at which children are allowed to work.

USSR Law „On general principles of the state youth policy in the USSR” (1991) showed a fundamentally new approach. At the end of the 90s of the twentieth century there arose a need to consolidate the following priorities for young people: the observance of the rights of young

people; guarantees for young people in the sphere of labour and employment; promotion of youth entrepreneurship; state support for young families; guaranteed provision of social services; support of talented youth; creation of conditions aimed at physical and spiritual development of young people; support of youth and children's associations; promotion of international youth exchanges.

The Federal Law of 24 July 1998 N 124-FZ „On Basic Guarantees of Child Rights in the Russian Federation”, in which there are significant changes [20], reflects the thesis of the modern concept of the state youth policy in the most consistent way, but only for those young people who have not come of age. Attempts (since 1997) to adopt the Federal Law „On State Youth Policy of the Russian Federation” ended in failure (the new membership of the State Duma in 2000 could not overcome the presidential veto on the law, adopted in 1999).

Important in the process of institutionalization of the rights of young people in our country and ensuring the conditions for its development were targeted federal programs, such as „Youth of Russia”.

At the level of the Russian Federation legislation on youth represented by the laws of the youth of the state youth policy of the state support of youth and children's organizations, and others. Such regulations adopted in more than 40 regions of Russia (in the republics of Bashkortostan, Tatarstan, Tuva, in the Khanty-Mansi Autonomous District, Volgograd, Moscow, Orenburg, Saratov, Sverdlovsk and others).

However, the most important problems in the field of children's rights are still unresolved. Every year more than 10 million children die, although in most cases they could be prevented; up to now 100 million children (60% of them – girls) do not have the opportunity to attend school; 150 million children suffer from malnutrition; AIDS virus spreads among children with catastrophic speed. There is persistent poverty and discrimination; social services are underfinanced. Millions of children are still suffering from the exploitation of their labor, child trafficking and other forms of abuse and violence.

To successfully solve these issues the General Assembly of the United Nations in May 2002 adopted a declaration World Fit for Children, which defines the basic principles for further developing the system of children's rights protection around the world, as well as an action plan for its implementation.

The main provisions of the declaration can be divided into three groups:

- Creating the most favorable conditions at the initial stage of life for all children (this includes issues of child mortality, nutrition, health care, development of social services, etc.). Particular attention is given to HIV-infected children and to prevention of the spread of the virus among children and youth;
- Provision of quality basic education for all children;
- Ensuring that all children, especially adolescents have opportunities for active participation in the life of their communities (opportunities for active participation in society of children with disabilities, the creation of state systems and programs which allow them to get education, profession, to go to public places, to participate in cultural and social life of society).

In Russia, in accordance with international documents foundations for national legislation to protect the interests of children have been created. For example, the Federal Law of 24 July 1998 N 124-FZ „On Basic Guarantees of the Rights of the Child in the Russian Federation” was passed; there were developed the basic directions of the state social policy to improve conditions for

children in the Russian Federation until 2000 (National Action Plan for children), approved by presidential decree of September 14, 1995 N, and the Action Plan for improving conditions for children in the Russian Federation for 1998-2000, approved by the decree of the Government of the Russian Federation of December 18, 1997 N 1565.

Along with the applied federal laws, special acts, defining the rights of the child have been enacted. In particular, the National Action Strategy for Children for 2012 – 2017 was adopted in accordance with the Decree of the President of the Russian Federation dated June 1, 2012 N 761. This document provides a detailed analysis of the situation of children in the country and identifies tasks that require immediate solution. In particular, it stresses that the Constitution of the Russian Federation guarantees state support for family, motherhood and childhood. Having signed the Convention on the Rights of the Child and other international acts in the field of ensuring children's rights, the Russian Federation expressed its commitment to participate in the efforts of the international community to foster an environment comfortable and benevolent for children.

The main goal of the National Strategy is to identify the main directions and tasks of the state policy in the interests of children and the key instruments for its implementation, based on the universally recognized principles and norms of international law.

For the last decade, providing a safe and secure childhood has become one of the major national priorities in Russia. The instructions of the President to the Federal Assembly of the Russian Federation set targets for the development of a modern and efficient state policy in the field of childhood. Childhood problems and the ways of their solution are reflected in the Concept of Long-Term Socio-Economic Development of the Russian Federation for the period until 2020 and in the Concepts of Demographic Policy of the Russian Federation for the period up to 2025. However, it should be recognized that the legislation on youth is exposed to considerable criticism in the sociological and law literature. As part of the current debates on the state youth policy and legislation on youth the most significant are: arising the question of the systematization of legislative work in this area at a specific conceptual framework, the development of ideas about public youth policy, the promotion of a new concept of „young people's rights”. The peculiarities of the situation with young people increasingly demand to consider their rights not as a collection of individual positions, but as an expression of group properties defined by social status and by the projected life trajectories of children and youth.

5. The essence of the rights of children and youth

The rights of children and young people differ in the time of their origin (in terms of generations of human rights), in spheres of life activities (politics, economy, culture, etc.). They are considered from the point of view of existing classifications, paying special attention to personal, political, economic, social and cultural rights. In this case, the basis for them are individual rights aimed at protecting health of the new generation, at providing a safe environment during service in the army, measures to prevent crime.

The modern literature identifies a number of values of children and youth rights [1, 9, 10]. They are considered as:

- 1) the inherent properties of the individual, his/her freedom recorded in the norms of national and international law that provide the most significant opportunities for the development of above mentioned persons, and the protection of their interests as well;

2) (in the objective sense) the totality of the specific rights inherent to the obligations enforced by the state; (in the subjective sense) provided or not prohibited by law the opportunity for young people to act in a certain way, to commit or not to commit any actions.

Children and young people in the Russian Federation have a special constitutional and legal status. Its specific character, on the one hand, depends on the possibility of full and independent exercise of the rights, freedoms and responsibilities by subject on reaching a certain age, and on the other hand on the need to secure conditions and guarantees by the government for using them in full by this category of people.

You can find the constitutional rights and obligations of children and young people which have a one-time implementation, and are mainly used in a particular age. This is the right to receive basic general education, the right to replace military service with alternative civilian service, the obligation for doing of military service, the right to freely choose language of training and education.

It should be recognized that the state provides for special protection of children's and youth rights. In Russia, for example, there is a ban on the death penalty for people under 18 years of age; there are restrictions with regard to lifting weights, to working at night, according to labour law benefits are provided for those studying and working at the same time; compulsory educational measures are imposed on juvenile offenders, including transfer under supervision of parents.

State policy priority is: to involve children and young people in social practice and make them aware of the potential for development in Russia; to develop creative activity of children and youth; to integrate persons who find themselves in difficult situations in the life of society.

Extremely important is to support the activities and to appreciate achievements of children and young people especially in the socio-economic, socio-political, artistic and sports spheres; to involve into real life young people who are experiencing problems in the process of integration into the society. These primarily include the disabled, graduates of orphanages and correctional institutions, educational institutions of closed type, victims of violence, warfare, disaster, emigrants and migrants, persons released from prison, young people and families who find themselves in social risk position, the unemployed, people living with HIV and young people dependent on the use of psychoactive substances

Nowadays issues of institutionalizing juvenile law and juvenile justice, aimed at protecting young people, primarily children have become very important. Although even here both supporters and opponents of the separate allocation of special children's or youth legislation do not cease debate.

At present, there sprung a problem to support complex efforts to affect social relationships with participation of young people on legal grounds. These relationships are governed by different branches of Russian law: constitutional, civil, family, labor, administrative, criminal, penitentiary, civil procedure, criminal procedure, and others [3, 12, 16].

Thus, due to the fact that the youth belongs to the category of persons who much more often suffer from negative effects on the part of society, it needs special protection of their rights and legitimate interests. At the same time, special attention should exactly be paid to minors, those who still do not have enough life experience, and therefore socially vulnerable in a real complex legal surrounding.

Unfortunately, in most cases, legal acts, which are being adopted, have only declarative character, since there are no instruments for their implementation at both the federal and the regional levels.

In legal literature rights of the child are dealt with separately as the rights and freedoms that every child (a child is every person under 18 years) should have, regardless of any differences in race, sex, language, religion, place of birth, national or social origin, property, birth or other status.

Definition of the rights of the child logically follows the basic ideas of the Universal Declaration of Human Rights. Its separate article is devoted to children. It states that „Motherhood and childhood are entitled to special care and aid”. Thus, recognizing the equal right of children to all freedoms set forth in the Declaration, the international community recognizes the need for additional assistance and support to children.

Currently, at the level of legislation and policy documents, it is stipulated in Russia that for the harmonious development of the individual the child should be brought up in the family, among friends and loving people in the atmosphere of love and kindness. The task of adults is to help their child to be prepared for an independent life, to become a full member of society, to create conditions for child for normal physical and intellectual development.

Practical tool for solving many problems in childhood became the implementation of priority national projects „Health” and „Education”, federal target programs. A number of important laws aimed at preventing the most serious threats to children's rights were passed. New state and public institutions were established: the post of Commissioner of the President of the Russian Federation for Children's Rights, the institution of Commissioner for Children's Rights in a number of subjects of the Russian Federation, the Foundation for Support of children in difficult situations. Financing of social spending from the federal budget and the budgets of the subjects of the Russian Federation were increased, new measures of social support for families with children were taken. For the first time in Russia a large-scale nationwide information campaign to combat cruel child treatment was carried out, a single number confidential helpline was put into practice.

As a result of certain measures positive trends have taken shape: birth rate has increased, child mortality has decreased, the socio-economic status of families with children has been improved, access to education and health care for children have become more available, the number of children (children deprived of parents' care) adopted in families has increased.

However, the problems associated with creating a comfortable and friendly environment for children, retain their sharpness and are far from the final settlement. The number of children is decreasing. A large part of pre-school children and students in general educational establishments have a variety of diseases and functional abnormalities.

According to the Prosecutor General of the Russian Federation, the number of exposed violations of children's rights does not decrease. In 2013, more than 93 thousand children were crime victims. There is low rate of reducing the number of disabled children, orphans and children left without parental care. There are acute problems of teenage alcoholism, drug addiction and toxicomania: almost a quarter of the crimes are committed by minors while intoxicated.

The development of high-tech, country's openness to the world community and access to unlawful content in information and telecommunications network „Internet” (hereinafter - the network „Internet”) have led to vulnerability of children, aggravated the problems associated with child trafficking, child pornography and prostitution. According to the Russian Interior Ministry, the number of sites containing child pornography has been increased by almost a third, while the number of Internet materials themselves - 25 times. A significant number of sites dedicated to suicide, is available for teenagers at any time.

According to Rosstat data, in 2014 the share of poor among children under the age of 16 years exceeded the average poverty rate. Children between the ages of one and a half to three years, children from large and single-parent families and children of unemployed parents are the most vulnerable group.

The scale and severity of the problems in the sphere of childhood, new challenges, the country's future and its security should require from the authorities of the Russian Federation, local administration, and civil society to take urgent measures to improve children's conditions and their protection.

The main problems in the sphere of childhood include the following:

- The existing tools for ensuring and protecting the rights and interests of children are not effective enough, the failure to execute international standards in the field of children's rights.
- High Risk of poverty at the birth of children, especially in large families and single-parent families.
- Prevalence of Family trouble, severe treatment of children and all forms of violence against children.
- Low Efficiency of preventive work with vulnerable families and children, the prevalence of the practice of depriving of parental rights and prevalence of social orphanhood.
- Inequality between the subjects of the Russian Federation in relation to the volume and quality of services available for children and their families.
- Social exclusion of vulnerable children (orphans and children left without parental care, children with disabilities and children who are in social risk group).
- Increasing new risks associated with the spread of information that is dangerous for children.
- Lack of effective instruments to ensure the participation of children in public life, in deciding matters that affect them directly.

At present the key principles of the National Strategy are defined:

- 1) Implementation of the fundamental right of every child to grow up in a family.
- 2) Protection of the rights of every child.
- 3) Maximum development of each child development.
- 4) Securing health of each child.
- 5) Technologies of assistance focused on the development of internal resources of the family, the satisfaction of needs of the child with the support of the state.
- 6) Special attention to vulnerable children.
- 7) Ensuring professionalism and skill while working with each child and his family.
- 8) Partnership in the name of child.

In the Russian Federation childhood policies should be based on the technology of social partnership, social and professional expertise, implemented with the participation of the business community, through the involvement of non-governmental organizations and international partners to solving current problems related to securing and protecting the rights and interests of children. It is necessary to take measures aimed at creating a free market of social services, a system of social control in the sphere of provision and protection of children's rights.

National Strategy is developed for the period up to 2017 and is designed to ensure the implementation of the existing international standards in the field of children's rights, the formation of a unified approach by the government of the Russian Federation, local authorities,

civil society and citizens in the definition of goals, objectives, activities and priority measures to address the most pressing problems of childhood.

Nowadays, the Russian Federation requires designing an effective system of child protection, standards of ensuring protection of the rights of the child, the mechanism of the planned execution of the Convention on the Rights of the Child and the concluding remarks of the UN Committee on the Rights of the Child at the interdepartmental level. The federal coordinating executive body for working out and implementing the state children policies. Activities of the guardianship authorities to protect the rights and interests of children are in need of improvement.

6. Findings

The rights of children and young people should be considered as a single set of rights having priority for the development of the future state. The state is to ensure maintenance and protection of these rights by creating conditions for the development of standards. In its turn, the latter should provide a high level of legal education of the younger generation. They will be the basis for observance of and respect for human rights in general in the state.

Development of a democratic, legal and social state is impossible without independent function of cultivating sense of justice due to the close relationship of state and law. It is aimed at ensuring a high level of legal awareness and legal culture. Its important component in the implementation is activities on legal education of children and youth that will have a significant impact on the observance and protection of the rights of this category.

While working out regulations affecting the rights of children and young people, it is necessary to take into account a constructive approach to the sense of justice of children and youth we propose. It implies a systematic monitoring of the state of legal consciousness, which is understood as a set of quantitative and qualitative assessments of the sphere of directions, experience and motivation of justice. This will enable more clearly to work out and consolidate in rule-making ways and means of crime prevention, maintenance of lawful behavior of children and young people, protection of their rights.

The leading components in sphere of directions are relatively independent blocks: logical and normative, emotional and employing images and essentially volitional. Their condition first of all determines the level of legal awareness and legal culture. Under the transitional nature of the legal system these components of legal awareness may contradict each other, which determines the instability of legal behavior and requires systematic work on legal education.

Protection of the rights of children and young people depends on the legal culture of society. In the framework of this culture it is necessary to consider legal culture of children and youth separately. Unlike definitions of legal culture, cited in legal literature legal culture of children and youth (specific character of legal personality is taken into account) is defined as a type of legal culture of society, representing a degree of learning and practical application of legal values, perceived as succession of legal training and education.

In the development of systems of law complex institutions play important role of legal education with special requirements to those engaged in teaching and legal activities, and which generate appropriate conditions for legal regulating the process of developing sense of justice, which is the

most effective in educational legal relationship. Taking into account the specific character of educational legal competence of children which differs from the conventional understanding of legal capacity and legal competence in theory of law.

Improvement of legislation affecting the rights of children and young people, naturally implies a normative expression of the above theoretical model of justice and ways to implement it in the federal law „On the organization of legal education and prevention law infringements among children and youth”, securing measures to maintain the legal activity of this category of persons, their socially significant initiatives, legal activities within the framework of legal personality.

In order to systematize the legislation it is advisable to codify it taking into account that we have worked out standards of legal education institution, on basis of international standards for the protection of the rights of children and youth. It becomes absolutely necessary in this connection to have code „Children and young people”. Development of subordinate legal acts aimed at the development of legal consciousness of students will be effective in the case of consolidation in the Basic Law of the State of constitutional and legal status of children of school age, which is not identical to the status of a competent citizen.

Condition for the effective protection of children and young people is their socio-legal activity as a property of lawful behavior and activities in the field of law, which determines not only law abiding but law consistent behavior and activities of the individual. Its principal difference is the legal activity, respect for rights and law, objectively expressing the internal needs of the individual. Priority for the Russian government is to develop and implement a single integrated national program for improving the legal culture of children and youth on the basis of continuity and accumulated experience.

Such categories of people as the disabled, students of orphanage and correctional establishments, educational institutions of closed type, children of immigrants and migrants, persons released from prison, addicts, children, victims of violence or warfare, accidents, etc require special legal support. They need suitable targeted programs to involve them into active legal life and to prevent crime.

To solve the problems of protecting the rights of children and young people we need: new laws, a system of measures for their implementation and ensuring their efficiency, creating a system of monitoring the process of legal education and enlisting services of the general public.

Systematically organized implementation of the educational function of the state will allow for the prevention of violations of the rights of children and young people, to protect these categories of population and to create conditions for their successful legitimate activities in the future.

The issues raised in this article need further comprehensive development. Special attention should be paid to the study of constitutional and legal status of school youth, and to prevention of juvenile delinquency. To increase the legal culture the further expansion of research of the level of legal knowledge, skills, values, legal attitudes of adolescents becomes very important. The study of their legal psychology is of particular relevance. Among the issues to be further investigated we can mention such as the educational function of educational legislation; regulatory support of public organizations activities on legal education of citizens; formation of professional sense of justice in law schools.

REFERENCES

1. AFANASIEV, V. G. Consistency and society. - M.: 1980, p. 131.
2. BELSKY, K. T. Formation and development of socialist sense of justice. - M.: 1982.
3. BELSKY, K. T. Structure and function of legal sense of justice. - M.: 1996.
4. BORAX, N. A. Functions of public sense of justice. - Kiev: 1986.
5. BORAX, N. A. Public function of legal sense. - Kiev: 1986.
6. BUEVA, L. P. The social environment and the consciousness of the individual. - M.: 1968.
7. CHEFRANOV, V. A. Legal sense as a kind of social reflection. Kiev: 1976.
8. FARBER, I. E. Sense of justice as a form of social consciousness. - M.: 1963.
9. LEVANSKY, V. A. Modeling in socio-legal studies. - M.: 1986.
10. LUKASHEV, E. A. Socialist sense of justice and legality. - M.: 1973, pp. 105-106.
11. NAZARENKO, E. V. Socialistic sense of justice and socialist law-making. Dissertation, Dr. (Law Sciences). - Kiev: 1970.
12. PEVTSOVA, E. A. The rights of children and young people: current problems of legal regulation of relations with the participation of young people Yaroslavl-Moscow: Publishing House "Chancellor". 2013. 296 p.
13. POKROVSKY, I. F. Formation of personal sense of justice. Abstract of thesis Dr. (Law sciences). - L.: 1961.
14. RADKO, T. N. Concept and types of functions of the socialist law. In the book Problems in the theory of state and law. - Saratov: 1971.
15. RATINOV, A. R. The structure of legal sense and some methods of its investigation. Methodology and methods of social psychology. - M.: 1977.
16. SCHEGORTSOV, V. A. Sociology of sense of justice. - M.: 1981, pp. 31-34.
17. SHCHEGORTSOV, V. A. Sense of justice as an object of socialistic study. - M.: 1976.
18. SOKOLOV, N. Y. Lawyers' professional identity. - M.: 1988.
19. SOKOLOV, N. Y., LEVANSKY, V. A. Experience of specific sociological study of legal awareness and legal culture. LeksRusika, 2006, № 1.
20. The Federal Law of 24.07.1998 N 124-FZ "On Basic Guarantees of the Rights of the Child in the Russian Federation" (ed. by 06.29.2013). "Collection of the legislation of the Russian Federation", 03.08.1998, N 31, art. 3802.

Rezumat

În articol, prin context istoric, sunt descrise particularitățile conștientizării fenomenului protecției drepturilor copiilor și a tineretului în Federația Rusă, precum și în alte țări ale lumii. Autorul a conchis că actualmente protejarea drepturilor copiilor și tinerilor ar trebui să fie concepută într-un mod nou: este foarte importantă, în acest sens, independența funcției juridice educaționale a statului, în care e nevoie de încadrat activități complexe, de sistem, de monitorizare a conștiinței juridice a societății, ce va identifica defectele acesteia, va determina planul măsurilor de înlăturare a ultimelor, preîntâmpinare a încălcării drepturilor copiilor și tinerilor și, dacă este necesar, să asigure cea mai eficientă protecție a lor.

Sunt necesare: codificarea multiplelor norme juridice în domeniul protejării drepturilor copiilor și tineretului, consolidarea măsurilor responsabilității profesionale ale persoanelor implicate în educația juridică. Necesită elaborare Legea „Cu privire la organizarea educației juridice și prevenirea criminalității în rândul copiilor și tineretului”, ce va asigura sprijinirea activității categoriilor de persoane nominalizate, inițiativelor lor sociale importante. Protecție specială necesită școlarii. Elaborarea actelor legislative subordonatoare, aferente protecției tineretului studios, poate fi eficientă în cazul fixării în Legea fundamentală a statului a statutului constituțional-juridic al copilului de vîrstă școlară, care diferențiază de statutul unui cetățean cu capacitate de exercițiu. Protecția drepturilor copiilor și tineretului va fi eficientă doar în cazul existenței unui grad sporit de conștientizare juridică și prezenței unei culturi juridice a societății.

Cuvinte-cheie: drepturile copiilor și tinerilor, statutul juridic al copilului, legislația aferentă copiilor și tineretului, educația juridică a copiilor și tineretului, funcția juridică educațională a statului.

Аннотация

В статье в историческом контексте раскрыты особенности понимания защиты прав детей и молодежи в России и других странах мира. Автором сделаны выводы о том, что современная защита прав детей и молодежи должна выстраиваться по-новому: важна самостоятельность правовоспитательной функции государства, в рамках которой необходимы системные мероприятия по мониторингу правового сознания общества, что позволит выявить его дефекты, определить план корректирующих действий по их устранению, предотвратить нарушения прав детей и молодежи и обеспечить при необходимости наиболее эффективную их защиту.

Важно провести кодификацию многочисленных норм права в области защиты прав детей и молодежи, ужесточить меры профессиональной ответственности лиц, занимающихся правовым воспитанием. Необходима разработка закона «Об организации правового воспитания и профилактике правонарушений среди детей и молодежи», закрепляющего меры по поддержанию правовой активности указанной категории лиц, их общественно-значимых инициатив. В особой защите нуждаются лица, обучающиеся в школе. Разработка подзаконных нормативных правовых актов, направленных на защиту учащейся молодежи, эффективна в случае закрепления в Основном законе государства конституционно-правового статуса ребенка школьного возраста, который не тождественен статусу дееспособного гражданина. Защита прав детей и молодежи будет эффективна только при наличии высокого уровня правосознания и правовой культуры общества.

Ключевые слова: права детей и молодежи, правовой статус ребенка, законодательство о детях и молодежи, правовое воспитание детей и молодежи, правовоспитательная функция государства.

DESIGNING A MODERN INFORMATION SYSTEM OF UNIVERSITY MANAGEMENT: THE EXPERIENCE OF KHMELNITSKY NATIONAL UNIVERSITY

Constantin BEL'OVSKY, Assoc. Prof., PhD,

Khmelnytsky National University

E-mail: constantin.belovsky@gmail.com

JEL classification: M15

Abstract

The article describes experience of designing a modern information system of university management. Conceptual provisions are examined both from technical as from management point of view.

Use of the document-oriented management substantiated. Any activities at the university are presented in information system as some structured documents, which reflect paper documents before implementation of information system. The need of retaining the history of all changes in the system is substantiated. Not just the current status, as practiced in most information systems. It is shown that the calculation of the current state of the object based on the history of changes can be made on the fly without substantially reducing performance.

Advantages and experience of use of the web interface and the open source software, especially for the state universities are considered. Interaction of subsystems is discussed. It is proved that a complete integrated information system should include all main divisions, starting with Planning and finance department and the HR department, and ending with chairs and support units.

Keywords: *information system, university, management, integrated.*

1. Introduction

University management requires coordinated work of hundreds of teachers and administrative staff. The main objective of the university is to teach students the advanced knowledge. Good management should be based on timely information about all the processes that take place in the object of management. There must be effective, both direct control and feedback [1].

Thus, we come to the need for rapid processing of large amounts of information, and the sources of this information may be hundreds of people, and the results of its processing should be available to thousands users. The solution of this problem is possible only with the use of modern information technologies. As shows experience of development and deployment of the various information systems, the greatest effect can be reached only at creation of the integrated information systems where it is possible to check a correctness of entered information and to ensure its safety and optimum processing. At the same time, modern communications allow you to combine a variety of clients in a single system, regardless of where they are - at work, at home or on the road [4].

Another, perhaps more important problem, which solves an integrated university management system is the implementation of best management practices embodied in the information system. Not information system adapts to the existing management practices at the university, on the contrary, university management changes using advanced methods and techniques embodied in the system.

2. Conceptual provisions

Development of the university management system „Electronic University” (EU) at Khmelnytsky national university has begun since 1999. From the beginning we have to solve the range of conceptual problems. First of all, how to store changes? Many information systems store only current state of their objects. But many reports need information from some time range. For example, how many students moved from budget to contract form of financing during the year? You can't find it when your system store only current state. You can find this information if you calculate aggregates during data changes, but in many cases, when data changes happen, you don't know what you should calculate. When at the yearend you receive request to make report, that must include some new aggregate (and this is happens very often) you can't calculate them from current state. So the only solution is to store all history of the changes. But all changes in the university are made as a result of some order or some other kind of document.

So the basic concept of the integrated university management system is „document-oriented management”. Any activities at the university are presented in the information system as some structured document, which reflects paper documents before implementation of information system. Structured information can be easily processed providing fast and consistent way for achieving any kind of analytics and aggregated information. Change of any object's state in the system is fixed by separate record with the indication of time of change that allows to determine a condition of all system at any moment [1].

For example, the operator of the dean's office can change work date at any value in past or future and any data will be shown on that date. This means that list of groups, list of students are shown on work date. It may be useful, when you need to reprint diploma which was issued several years ago. At that case you don't need some special interface to find students who graduated, you may use the same interface as for current students [2].

Other case: admission commission issues orders from the first of September, but dean's office starts to work with students before September. Solution is the same, you can change work date to appropriate in the future, when admission order will act, and do what you want.

Our experience shows that with normalized and indexed tables you can calculate current state of any object on the fly without need to store it in the database. For example, on the 8 years old server list of the academic group on given date is calculated in less than 0.1 second. In the case, when calculation on the fly is too slow, you always may save current state to the database, but that reduces flexibility and increases amount of data.

The second conceptual problem is how work with the information system (IS) is arranged. IS is evolving permanently, so traditional client-server technology with custom client applications incur huge problems with software updates. The other option is to use web interface. Pros of this option are platform independence, no software update problems – all updates are made on the server and are accessible for users immediately, security – all data transferred by secure connections using industry proven technologies [3].

Access to information system functions are performed only by authorized users.

The other conceptual decision made in our IS was to use only open source software. It is especially important for universities with its restricted budgets.

Any information entered into the system once by the appropriate department and reused elsewhere in the system as needed.

Distribution of authority, even in one university may change over time, so the distribution of authority in the information system must be specified flexibly either at the level of workplaces, and personally with aid of roles system.

3. Interaction of subsystems

In the root of subsystems hierarchy is Planning and Finance Department. It is responsible for the formation of staffing, based on which the personnel department carries out all orders on the movement of personnel (Figure 1).

Also, the personnel department supports the relevance of personal cards of employees, tracks sick-lists and leaves, controls the total amount of the employee's salaries.

Based on information from the personnel department all other departments obtain the current list of teachers and the rest of personal information as needed.

Historically the accounting department is not a part of EU. It has its own closed information system, but we have close integration: IS of accounting department has direct access to lists of students and employees at any date. In turn, EU can read information about student's debts.

In Ukraine admissions commission has to input information about entrants in the Unified State Electronic Database of Education (USEDE). Actually, entrants can apply in the electronic form from home, without need to go to universities. In that case they come to universities only to bring originals of documents. Although universities can input information about entrants in USEDE through SOAP API we have decided to enter information about entrants directly into USEDE using its web interface. This is because frequent changes in the entrance rules from year to year. Its implementation in the information system is quite complex and costly, but all of them are needed only for entrants and wouldn't be used in further work. We use SOAP API to import new students from USEDE, so both systems are used for their primary purpose. As we think its optimal decision.

Student's staff department provides relevance of student's personal information and executes all orders on their movement. Preparation of orders can be carried out in the relevant dean's offices. The system allows executing part of orders directly by dean's offices without student's staff department control. For example, orders on transfer from one group to another (same specialty), transfer to the following course. Orders applications, prepared by dean's offices are automatically collected in student's staff department into order, printed, signed and after that approved in information system. After that the order is exported to USEDE via SOAP API.

The chair forms curricula, coordinates them with educational department which approves them, the approved curricula are blocked for changes. On the basis of the approved curricula every year the chair forms working curricula which are coordinated with dean's office and educational department. Educational department coordinates the whole educational process at the university, and can also assist chairs in the development and coordination of curricula [1].

On the basis of the approved working curricula the dean's office forms individual student's curricula (taking into account their choice).

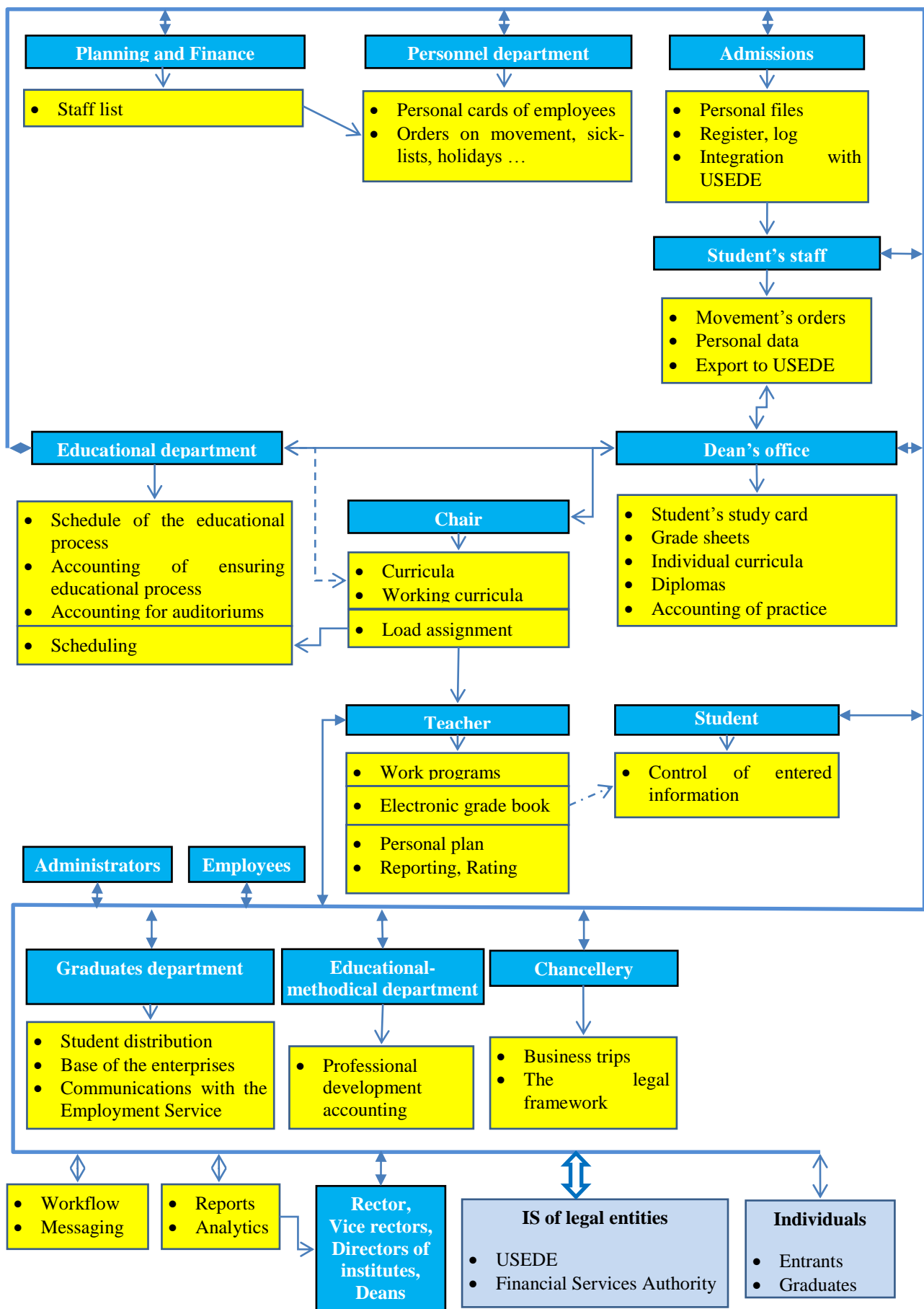


Figure 1: Functional diagram of IS „Electronic University”

On the basis of individual student's curricula chairs assign load for teachers. On the basis of the load assignment educational department creates a schedule.

The educational department also forms the schedule of educational process, performs accounting of ensuring educational process by literature, computers, audiences and so forth.

Dean's office provides the control and organization of the educational process, forming, printing and input of semester and interim grade sheets, control of student's curricula implementation, accounting practices, the formation and printing of diplomas, study cards and other necessary documents. Inside the dean's office access to its functions can be divided further into functional roles, such as Methodist, Deputy Dean for Academic Affairs, Deputy Dean for educational work, etc [2].

The teacher creates the work programs of their disciplines, enters current grades and attendance in electronic grade book, forms an individual plan and report on progress, on the basis of which its personal rating and the rating of the chair are formed.

Students monitor all information about them entered in the system, both personal and academic. Also, if necessary, we can provide students with an opportunity to form individual curricula based on working curricula approved by the dean's office.

Graduates department distributes students, support base of companies and provides a communication to the employment service, graduates.

Educational - methodical department keeps records of information on professional development of teachers.

Chancellery generates orders for business trips and travel sheets, forms the legal framework of the university, delivers and monitors execution of documents by the university.

In addition to specialized roles the system has role without specialized functions for an employee of any department to ensure authorized access to the system-wide functions, such as document workflow, messaging, schedule. All departments have access to the workflow system that enables the formation of documents, track deadlines and control of execution. Also, all workplaces in the system have the ability to exchange messages between users of the system.

All system workplaces provide relevant reports, documentation and analysis. This takes into account the subordination of departments, such as deans have access to the relevant chairs, directors of institutes – to the dean's offices, the rector and vice rectors – dean's offices information, etc.

On the basis of information about the activities of the university (reports, analysis) management makes reasonable decisions and manages the university by orders.

Also single individuals can interact with the system, not only internal users, for example entrants, graduates.

4. Conclusions

Thus, the information system built on the basis of these provisions will provide operative input of all information necessary for the management of the university. This eliminates duplication of input data, and hence increased efficiency. Since each type of information is administered only by

relevant competent people, it provides a correct input data. As the same information is reused in various divisions, in addition, it provides control of reliability and timeliness of input of information. Existence of all information in the uniform integrated system will allow to process most of it effectively and to receive the operative, actual, complex analysis of university's activity.

At the same time, the system incorporates leverages to ensure operational control, as the decision making (using the workflow subsystem) and indicative (using different ratings). As a result, we can talk about an increase in both the efficiency of university's activity and the quality of education.

REFERENCES

1. MAZARCHUK, A. Y., BELOVSKY, C. E., GRYGORUK S. S. Structure, architecture and functionality of modern integrated university management system. Actual problems of traing specialists in ICT. Conference proceedings. - Sumy: Sumy State University, 2013. - Part 2. 276 p., pp. 22-29.
2. БЕЛЁВСКИЙ, К. Э., МАЗАРЧУК, А. Ю. Особенности организации и формирования подсистем электронного деканата. (Peculiarities of organization and development of the deanery electronic subsystems). Материалы международной научно-практической конференции „Информационные и коммуникационные технологии в науке, образовании и производстве, 29-30 октября 2012”. – Тирасполь, Изд-во „Ликрис”, 2012 - 348 с.- С. 152-156.
3. БЕЛЁВСКИЙ, К. Э., КОСИЮК, Н. Н., МАЗАРЧУК, А. Ю. Интегрированная информационная система „Электронный университет”. Информатизация образования (Integrated information system „Electronic University”. Informatization of education). Материалы Международной научно-практической конференции, г. Орел. - Орел: ФГБОУ ВПО „ОГУ”, 2012. - с. 121-127.
4. КОСИЮК, М. М., МАЗАРЧУК, А. Ю., БІЛЛОВСЬКИЙ, К. Е. УНІВЕРСИТЕТСЬКИЙ МЕНЕДЖМЕНТ: ІНФОРМАЦІЙНА ПІДТРИМКА І КОМП'ЮТЕРИЗАЦІЯ – ДОСВІД ХМЕЛЬНИЦЬКОГО НАЦІОНАЛЬНОГО УНІВЕРСИТЕТУ. (University management: information support and computerization - experience of Khmelnytsky National University). Actual problems of traing specialists in ICT. Conference proceedings. - Sumy: Sumy State University, 2013. - Part 2. 276 p., pp. 48-54.

Rezumat

În articol se examinează experiență elaborării unui sistem informațional modern de gestiune a unei universități. Cadrul conceptual este abordat atât din punct de vedere tehnic, cât și din punctul de vedere al managementului universității.

Este fundamentată gestiunea universității orientată documentar. Orice activitate în universitate se prezintă în cadrul sistemului informațional prin documente structurate, care corespund documentelor de hîrtie aplicate pînă la implementarea sistemului informațional. Este argumentată necesitatea păstrării istoriei tuturor modificărilor intervenite în sistem și nu doar informația despre starea curentă, așa cum se practică în majoritatea sistemelor informaționale. Se marchează că identificarea stării curente a obiectului, bazată pe istoria modificărilor, poate fi îndeplinită rapid, fără reducerea semnificativă a performanței.

Preponderent pentru universitățile de stat sunt examinate avantaje și experiența utilizării interfeței Web și software-ului în acces deschis. Se cercetează interacțiunea subsistemelor. Se demonstrează că un sistem informațional complet integrat ar trebui să includă toate subdiviziunile de bază, începînd cu departamentul financiar-planificare și departamentul de resurse umane și finalizînd cu catedrele și unitățile structurale auxiliare.

Cuvinte-cheie: sistem informațional, universitate, management, integrare.

Аннотация

В статье рассматривается опыт разработки современной информационной системы управления университетом. Концептуальные положения рассмотрены как с технической точки зрения, так и с точки зрения управления университетом.

Обосновано документо-ориентированное управление университетом. Любая активность в университете представляется в информационной системе в виде структурированных документов, которые соответствуют бумажным документам до внедрения информационной системы. Аргументирована необходимость сохранения истории всех изменений в системе, а не только текущего состояния, как практикуется в большинстве информационных систем. Показано, что вычисление текущего состояния объекта, основанное на истории изменений, может быть выполнено на лету без существенного уменьшения производительности.

Рассматриваются преимущества и опыт использования Веб-интерфейса и открытого программного обеспечения, особенно для государственных университетов. Исследуется взаимодействие подсистем. Обосновано, что полноценная интегрированная информационная система должна включать все основные подразделения, начиная от планово-финансового отдела и отдела кадров и заканчивая кафедрами и вспомогательными подразделениями.

Ключевые слова: информационная система, университет, управление, интегрирование.

APPROACHES TO TRANSITION TO NEW NATIONAL ACCOUNTING STANDARDS IN NON-PROFIT ORGANIZATIONS

Ina MALECA, Assoc. Prof., PhD,
Trade Co-operative University of Moldova
E-mail: malecaina@mail.ru

Djulieta PRODAN, Lecturer,
Trade Co-operative University of Moldova
E-mail: julieta_prodan@mail.md

JEL classification: M41

Abstract

Apart from the two sectors of social life, public and private sectors, clear signs of a genuine global associative revolution have recently been identified which generated the emergence and rapid expansion of a third sector - the non-profit sector. Being a mediator between the private and public sectors, the third sector includes non-profit organizations. No matter how much extensive they are, the empirical and theoretical knowledge of them is critically reduced. The systematic study of non-profit sector has been initiated only in the last two decades, especially because of acute shortage of information, data, or even distorted information.

Among the myriads of changes to legislation on accounting, it is necessary to estimate the general accounting adjustment, including non-profit organizations accounting for differences between the provisions of the new NAS and those applied until the transition date. This article will address recommendations for non-profit organizations to form accounting policies, to elaborate working charts of accounts, to identify differences in the recognition of accounting elements, to identify differences in the evaluation of accounting elements, to transfer accounting balances, applied until the date of transition to the new National Accounting Standards (NAS), to the new accounts.

Keywords: *non-profit organization, accounting, accounting policy, working chart of accounts, accounting standards, financial reports.*

1. Introduction

The non-profit sector or the so-called „the third sector”, appeared in social life at least four centuries ago as church activities, charitable organizations, mutual aid associations, private schools, etc. The rise of the non-profit sector can really prove a significant development at the end of the twentieth century equal to the rise of the nation-state in the late nineteenth century. The novelty of this phenomenon refers to the assertion and enforcement of this sector not only as a distinct entity of organizational life, but also as an alternative for change and improvement of social life.

A non-profit organization - a legal entity whose primary purpose is other than making profit and is registered as an association (public association, religious association, party or other socio-political organization, syndicate organization, union of legal entities, association of employers, etc.), foundation, institution [1].

A non-profit organization keeps accounts and prepares financial reports in accordance with the fundamental principles and rules set out in the Accounting Law, accounting standards, the plan of accounts and other normative acts [1].

In this context, the changes in accounting legislation determine inevitable changes in the accounting system as a whole and in the accounting of non-profit organizations as well, simultaneously reflecting the differences between the provisions of the new NAS and those applied until the transition date.

2. The investigation of the problem at present, research purposes

The transition to the new National Accounting Standards is made in accordance with Methodical Recommendations on the Transition to the new National Accounting Standards and pursuant to the situation on the first day of the reporting period, after elaboration of financial reports and balance sheets for the previous reporting period.

In the process of transition and application of the new National Accounting Standards non-profit organizations should commit to the provisions of Article 7 of Methodical Recommendations on the Transition to the new National Accounting Standards [5], which include:

- 1) provisions of the new National Accounting Standards and other accounting regulations shall apply prospectively from the date of entry into force;
- 2) how to adjust the specific differences between the provisions of the new NAS and those previously applied is regulated by the compartments „Transitional Provisions” of those standards;
- 3) comments and examples of NAS and other new accounting regulations are not exhaustive, but only explain some typical situations on the recognition, measurement and bookkeeping of accounting elements;
- 4) EU directives and International Financial Reporting Standards (IFRS) serve as basis for the elaboration of the new National Accounting Standards and other accounting regulations;
- 5) discrepancies between basic concepts used in the new NAS and the concepts applied until the transition date.

Due to a particular type of activity, unlike the private sector, a further study of the transition and connection of non-profit organizations to the accounting requirements of the new NAS is required.

3. Applied Methods and Materials

The analysis of accounting transition of non-profit organizations to the provisions of the new NAS requires a comparative study of National Accounting Standards regulations, which were previously in force, with the provisions of National Accounting Standards in force from 01.01.2015. Moreover, it's necessary to compare and join the provisions of the new NAS with the Methodical Directives on accounting peculiarities and other non-profit organizations accounting regulations. The comparative research was carried out by applying the following methods: analysis, synthesis, comparison, reasoning, observation, charts of accounts, double registration etc.

4. Results and Discussion Points

The main stages of transition to the new NAS of non-profit organizations set out under Article 8 of Methodical Recommendations on the Transition to the new National Accounting Standards [5] are as follows:

- 1) establishment of accounting policies;
- 2) development of working chart of accounts;
- 3) identification of differences related to the accounting elements;
- 4) identification of differences in the evaluation of accounting elements;
- 5) transposition of accounting records applied until the date of transition to the new NAS to the new accounting balances.

When establishing the accounting policies for 2015, non-profit organizations must observe the provisions of the new NAS, Methodical Instructions on Accounting Peculiarities for Non-profit Organizations and other accounting regulations.

In accordance with Methodical Instructions on Accounting Peculiarities for Non-profit Organizations, the non-profit organization must develop and implement its own accounting policies which will include the following elements:

- Type and directions of statutory activity;
- Sources of funding structure;
- Organization of accounting department;
- Applied accounting system;
- Compilation and use of primary documents and accounting records;
- Recognition, valuation and accounting methods of bookkeeping elements, including those specific for non-profit organizations:
 - special purpose funds and contingency funds;
 - contributions of founders and members;
 - tangible and intangible assets, current and other types of assets acquired on the account sources obtained from statutory economic activities;
 - tangible and intangible assets, inventories and other current assets received free of charge from third parties;
 - assets under economic management;
 - exchange rate differences and differences in the amount related to transactions carried out on the account of special purpose funds;
 - interest from the investment of special purpose funds;
 - revenues and expenditures;
 - non-profit organization funds, etc.
- Independently developed procedures, including the accounting for:
 - funding sources to cover administrative costs, maintenance of non-profit organization, program and other expenses;
 - self-financing sources used for special missions;
 - wages, taxes and related fees calculated from different funding sources, etc.;
- Other methodical and organizational aspects of bookkeeping.

The following things can be attached to the bookkeeping policy:

- forms of primary documents and account ledgers elaborated by the non-profit organization on its own;
- function list of persons responsible for the drawing up and signing of primary documents and account ledgers;
- plan of working bookkeeping accounts;
- items and deadlines for making the inventory;
- other necessary information that has an impact on how to keep account of economic facts (for example, grantors' specific conditions or provisions from the normative acts regulating the activity of non-profit organization, regarding the use of special purpose funds, fuel consumption norms, etc.).

Similarly, in developing their bookkeeping policies non-profit organizations must take into account the provisions of NAS „Bookkeeping policies, changes of accounting valuation, errors and subsequent events”. Besides establishing the way of selection, application and changing bookkeeping policies, the provisions of this NAS also refer to the way of changing the accounting valuation, error correction, subsequent events accounting and presenting the related information in financial statements, which is not present in the methodic indications provisions regarding the bookkeeping particularities within non-profit organizations. NAS „Bookkeeping policies, changes in accounting valuation, errors and subsequent events” shows the need of setting materiality in bookkeeping policies.

Materiality - the entity default criteria for determining the need to submit or correct information in the financial statements, taking into account the potential influence of these presentations or corrections on the economic decisions of users.

From the above information it is obvious that it is needed to indicate the materiality in the accounting policies of non-profit organizations as well.

Accounting policies are approved for each year of management by the non-profit organization leader by means of a decree issued on the bases of the decision of its governing body. The newly created organization approves its accounting policies till the financial statements for the first administration period are presented, but not later than 90 days from the date of registration.

The possibility of developing the working chart of accounts (the second stage of transition to the new NAS) is provided both by the new NAS regulations, as well as by the methodical instructions regarding accounting peculiarities within non-profit organizations.

The working Chart of Accounts of non-profit organizations must be developed according to the requirements of the new NAS and the General Plan of the chart of accounts, taking into account, however, the methodical indications recommendations regarding accounting peculiarities within non-profit organizations. It must comprise synthetic accounts, sub-accounts and analytic accounts required for keeping record of non-profit organization accounting elements.

Differences related to the recognition of accounting elements are identified on the date of transition to new NAS. For this purpose the entity examines all accounting elements and:

- 1) derecognizes (eliminates) accounting items that do not meet the recognition criteria under the new NAS;
- 2) reclassifies accounting items that do not meet the classification criteria set by the new NAS.

Accounting elements recorded before the date of transition to the new NAS that do not meet the recognition criteria of the new NAS are derecognized. Basic accounting records regarding derecognition of accounting items that do not meet the recognition criteria under the new NAS for non-profit organizations are as follows:

1. Derecognition of formation expenses from the intangible assets:
Debit 335 „Resulted from the transition to the new accounting regulations”
Credit 111 „Intangible assets”;
2. Settlement of the amortization related to the formation expenses:
Debit 113 „Amortization of intangible assets”
Credit 111 „Intangible assets”.

Differences related to the evaluation of accounting elements occur where the new NAS establish other rules of assessment than those provided in the standards applied before the date of transition (e.g. reduction amounts from the fixed assets revaluation cannot be recorded as equity component/capital, and the related borrowing costs of qualifying assets production recognized before the date of transition as current expenses can be capitalized).

Basic accounting records regarding accounting elements valuation as required by the new NAS are as follows:

1. Settlement of existing reductions from the revaluation of fixed assets:
Debit 335 „Resulted from the transition to the new accounting regulations”
Credit 341 „Differences from revaluation of long-term assets”;
2. If after the date of transition to new NAS the subsequent measurement of intangible and tangible assets, according to the entity's accounting policies, are carried at cost, then the existing excess is settled from the revaluation of fixed assets:
Credit 341 „Differences from revaluation of long-term assets”
Debit 335 „Resulted from the transition to the new accounting regulations”.

Accounting elements recorded before the date of transition to the new NAS that do not meet the classification criteria of these standards are reclassified (e.g. subsidies, except those submitted by state, municipal and other similar entities, including public institutions with financial autonomy, are transferred from equity component to debt composition and duties towards the owners regarding additional capital contributions to the joint stock - from debt to equity component). In non-profit organizations records may appear accounting records concerning:

- transfer of owned real estate for value growth, renting or for undetermined purpose, to the real estate investment/investment property to account 151 „Investment Property”;
- excess reclassification from fixed assets revaluation from account 341 „Differences from revaluation of long-term assets” to account 343 „Other elements of equity component” in case if after the date of transition to new NAS the subsequent measurement of intangible and tangible assets, according to the entity's accounting policies, are carried out at revalued amount;
- transfer of fixed assets to account 217 „Goods” for assets that are held for sale;
- reclassification of financing and special purpose revenue related to grants from accounts 423 „Financing and special purpose revenue”, 515 „Current anticipated incomes” and 539 „Other short-term liabilities” to accounts 424 „Anticipated long-term incomes” and 535 „Current anticipated incomes”.

Accounting balances of charts of accounts applied before the date of transition to the new NAS transpose into the new charts of accounts by drawing up correction accounting records. In this case it must be taken into account the fact that in the general plan of charts of accounts additional accounts have been introduced, the codes and names of certain accounts have been changed, some accounts have been divided and merged. Non-profit organizations specific operations regarding charts of accounts balances can include the following:

- transposition of non-profit organizations funds balances from account 342 „Subsidies” to account 341 „Funds”;
- transposition of financing balances and long-term special purpose revenues regarding special purpose financing from the budget, grants, financial and technical assistance, donations, contributions of founders and members of the organization and other special purpose financing and revenues from account 423 „Financing and special purpose revenue” to account 425 „Long term finances and special purpose revenue”;
- transposition of long-term debt balances regarding goods received for economic management from account 423 „Financing and special purpose revenue” to account 427 „Long-term debt regarding goods received for economic management”;
- transposition of other current liabilities balances regarding special purpose financing from the budget, grants, financial and technical assistance, donations, contributions of founders and members of the organization and other special purpose financing from account 539 „Other short term liabilities” to account 544 „Other current liabilities”.

5. Conclusions

This research paper deals with the timeliness and necessity of indicating the steps needed for the transition to the new NAS within nonprofit organizations and new approaches in developing the accounting policies methodology, the development of the working chart of accounts, records in accounts according to the indicated stages, regarding the reflection of the differences related to recognition of accounting elements and their evaluation, as well as the transposition of the necessary account balances of charts of accounts applied before the date of transition to the new NAS in the new account balances to be applied mandatorily after 01.01.2015. These approaches are intended to facilitate the work of non-profit organizations accountants in the transition phase to the new NAS.

REFERENCES

1. Methodical Instructions based on Accounting Peculiarities in Non-profit Organizations, approved by Minister of Finance no. 188 of 30.12.2014. Monitorul Oficial journal, Republic of Moldova, no. 11-21 of 23.01.2015.
2. Accounting Law No.113-XVI of 27.04.2007. Monitorul Oficial journal, Republic of Moldova, no. 90-93 of 29.06.2007.
3. Law on Public Associations No. 837-XIII of 17.05.1996. Monitorul Oficial journal, Republic of Moldova, no. 6 of 23.01.1997.
4. General Plan of Accounts, approved by Decree of Ministry of Finance of the Republic of Moldova No. 118 of 06.08.2013. Monitorul Oficial journal, Republic of Moldova, no. 233-237 of 22.10.2013.
5. Methodical Recommendations for the Transition to the new National Accounting Standards, approved by the Ministry of Finance of RM Orders No. 118 and 119 of 6 August 2013 and no. 166 of 28.11.2013. Monitorul Oficial journal, Republic of Moldova, no. 291-296 of 13.12.2013.
6. National Accounting Standards, approved by Minister of Finance of RM no. 118 of 08.06.2013. Monitorul Oficial journal, Republic of Moldova, no. 233-237 of 22.10.2013.

Rezumat

Recent, în afară de cele două sectoare ale vieții sociale: sectorul public și sectorul privat, se identifică semnele clare ale unei veritabile revoluții globale a asociativității, care a generat apariția și expansiunea rapidă a unui al treilea sector - sectorul nonprofit. Reprezentînd un mediator între sectorul privat și cel public, al treilea sector include organizațiile necomerciale. Pe cît sunt de extinse, pe atît de redusă este cunoașterea lor empirică și teoretică. Studiul sistematic al sectorului necomercial a fost inițiat abia în ultimele două decenii și mai ales în perioada recentă din lipsa acută de informații, de date, și chiar de informații distorsionate.

În spectrul schimbărilor operate în legislație privind contabilitatea e necesar de estimat modul general de ajustare în contabilitate, inclusiv în contabilitatea organizațiilor necomerciale, a diferențelor dintre prevederile noilor SNC și celor aplicate pînă la data tranziției la acestea. În investigație sunt abordate recomandări pentru organizațiile necomerciale în vederea formării politicilor contabile, elaborării planului de conturi de lucru, identificării diferențelor aferente recunoașterii elementelor contabile, identificării diferențelor aferente evaluării elementelor contabile, transpunerii soldurilor conturilor contabile aplicate pînă la data tranziției la noile SNC în conturile contabile noi.

Cuvinte-cheie: organizația necomercială, contabilitate, politici contabile, planul de conturi de lucru, standard de contabilitate, rapoarte financiare.

Аннотация

В последнее время, в дополнение к двум секторам общественной жизни: государственному и частному, выявляются четкие признаки подлинной глобальной ассоциативной революции, породившая и способствующая быстрому росту третьего сектора - некоммерческого. Выступая в роли посредника между частным и государственным секторами, третий сектор представлен некоммерческими организациями. Одновременно обширны и в то же время незначительны эмпирические и теоретические знания о некоммерческих организациях. Системное изучение некоммерческого сектора было инициировано лишь в последние два десятилетия, особенно в последнее время по причине острой нехватки информации, даже искаженной.

В процессе реформирования законодательства в области бухгалтерского учета необходимо дать оценку общим изменениям в учете, в том числе и в некоммерческих организациях, различиям между новыми НСБУ и положениями применяемых стандартов бухгалтерского учета до их модификации. В исследовании приведены рекомендации по формированию учетной политики, разработке рабочего плана счетов, по выявлению различий в признании учетных элементов, оценке бухгалтерских элементов, транспозиции остатков счетов в некоммерческих организациях на дату перехода к новой учетной системе.

Ключевые слова: некоммерческая организация, бухгалтерский учет, учетная политика, рабочий план счетов, бухгалтерский стандарт, финансовые отчеты.

FINANCIAL ASSESSMENT METHODS FOR OPERATIONS MANAGEMENT FOCUSED ON REGULATED RIGHT AND REGULATED DEBT

Octav VOCHITA, Doctoral student at TCUM, Expert accountant,
The Body of Expert and Licensed Accountants of Romania (C.E.C.C.A.R.), Iasi, Romania
E-mail: octavvochita@yahoo.com

JEL classification: G3, C6

Abstract

The valorisation of accounting information contained in the synthesis accounting documents constitutes a priority for any decision maker mandated to manage the investment interests. This paper presents two ways to exploit the accounting information contained in the analytical monthly trial balances belonging to a retrospective reference period equivalent to a financial year (12 calendar months). The first of these concerns the use of accounting information to identify the best operational activity oriented to minimize the transfer of economic benefits towards contingent investment of private and public (commercial and fiscal) interests. The second method presented aimed at using accounting information to identify the best operational activity focused on maximizing control over economic benefits associated operational resources available.

The research method is based on data envelopment analysis, a nonparametric analysis method which, in the last 50 years has seen strong growth and wide practical applicability, especially in the management of industrial production or in public service management. The original contribution of the author aims to use data envelopment analysis method for processing accounting information contained in a checking accounting balance. The contribution results in a financial analysis method based on the simplest documentary material but with complex results useable in further analysis of financial management operations, of the risk of financial position and financial performance.

Keywords: *business valuation, financial analysis of operational regulated right, financial analysis of operational regulated debt, setting the best operational practices, data envelopment analysis.*

1. Introduction

For any decision maker mandated to manage the operational activities of a company which is the subject to an investment interest, the valorisation of accounting information should be a priority. Motivation and the argumentations of the research are focused on establishing a method for assessing the operational activities of the company based on the simplest possible documentary material with the result in the most complex valorisable data. Under general aspect, the method proposed by the author is based on the simplest synthesis accounting document, the analytical monthly trial balance. The used method is based on benchmarking and covers a set of 12 trial balances, considering that a retrospective reference period equivalent with a financial year is, sufficiently and necessary, a relevant reference base for the actuality of conjuncture reality economic.

This paper presents the theoretical framework for two approaches focused on managing economic benefit available or generated by operating activities to a business. The first approach aims to identify the best operational activities geared towards maximizing the economic benefits

associated with control of operational resources controlled and regulated under the right derived from historical transactions. The second approach aims to identify the best operational activities focusing on minimizing the transfer of economic benefits towards contingency interests of private (claimed by reference to a statutory debt) and public (claimed by reference to debt instruments with commercial and tax regulation).

The analytical method is based on data envelopment analysis. Reference data corresponding to the accounting significance of turnover creditor are regulated debts and the accounting significance of debiting is corresponding to regulated rights.

2. The degree of investigation of the problem currently, and purpose of research

The research objective is to establish a way of optimizing the operational activity of an undertaking which (1) bases on the simplest, most accessible and most complete form of documentary information, (2) makes use of the wide accessibility computer applications, (3) permits an assessment of risk in terms of control over the economic benefits available, (4) permits an assessment of risk in terms of economic benefits disposal of investment in the best interest of contingency, (5) allows forecasting of best operational practices under two aspects above, (6) uses the theoretical support of mathematical models and optimization (7) of mathematical knowledge does not require going beyond the common practice of accounting economist.

Investigations carried out by the author did not identify a similar method applicable to accounting information in assessing the operational risk of the investment.

3. Methods and materials applied

The author's own research is based on theoretical data envelopment analysis used in a tool spread sheet program like Microsoft Excel. Author's research led to a broad accessibility analysis method but with possibilities of exploitation leading to a comprehensive assessment of the enterprise in terms of operational risk, financial position and financial performance risk.

4. Results and discussion

4.1. The basis of documentary

As is presented through a trial accounting balance, the operational work performed by an enterprise during a period from the current reference month is represented as a pair sets correspondent for the turnovers creditor

$$rc_0 = (rc_0^1, rc_0^2, \dots, rc_0^i, \dots, rc_0^m) \in \mathbb{R}_+^m \quad (1)$$

representing the means of financing the operational resources through regulated debts specific contingency claimed by private investors (the statutory debt securities) and public (through public debt securities, trade and fiscal)

and a set of debiting

$$rd_0 = (rd_0^1, rd_0^2, \dots, rd_0^j, \dots, rd_0^n) \in \mathbb{R}_+^n \quad (2)$$

representing the means of attracting economic benefits associated with control of operational resources.

A current reference for operational activity, $r_0 = (rd_0, rc_0)$, can be assessed by reference to a retrospective reference period, R , necessary and sufficiently, the size of 12 monthly accounting period (equivalent to a financial year) considered to be relevant for the economic reality in the economic sector of belonging:

$$R = \left\{ (RD, RC) \left| \begin{array}{l} RD = \{rd_t | rd_t \in \mathbb{R}_+^n\} \\ RC = \{rc_t | rc_t \in \mathbb{R}_+^m\} \end{array} \right., t \in [0, -11] \right\} \quad (3)$$

Evaluation of the current operational activity can be accomplished either by a correspondence of creditor turnover

$$rd_0 \leftarrow f(RC) \subseteq \mathbb{R}_+^n \quad (4)$$

indicating the subset of feasible financing functions for the debiting current, or through a correspondent on debiting

$$\mathbb{R}_+^n \supseteq u(RD) \rightarrow rc_0 \quad (5)$$

indicating the subset of feasible utility functions for the turnover current creditor, or a mutual correspondence

$$u(RD) \ni rd_0 \Leftrightarrow rc_0 \in f(RC) \left| \begin{array}{l} u(RD) = \{rd_t | rc_t \in f(RC)\} \\ f(RC) = \{rc_t | rd_t \in u(RD)\} \end{array} \right. \quad (6)$$

of credit turnovers and debiting feasible in achieving the operational practice

$$r_0 = \left\{ (rd_0, rc_0) \in \mathbb{R}_+^{m+n} \left| \begin{array}{l} rd_0 \in u(RD) = \{rd_t \in \mathbb{R}_+^n | (rd_t, rc_t) \in R\} \\ rc_0 \in f(RC) = \{rc_t \in \mathbb{R}_+^m | (rd_t, rc_t) \in R\} \end{array} \right. \right\} \quad (7)$$

all the three approaches being interrelated:

$$u(RD) \ni rd_0 \Leftrightarrow rc_0 \in f(RC) \Leftrightarrow (rd_0, rc_0) \in R \quad (8)$$

4.2. The method to identify the best operating activities oriented to regulated debt

The evaluation of turnover creditor is focused on identifying the best practice for the financing of the current debiting by minimizing the transfer of economic benefits towards private interests (the statutory debt securities law) or public (through commercial and fiscal debt) of contingency.

Whether the operational practice of current reference:

$$r_0 = (rd_0, rc_0) | rd_0 \leftarrow rc_0 \in f(RC) \quad (9)$$

for which the current debiting, rd_0 , is achievable through the finance function of the turnover current debt, rc_0 , is one of possible financing done from a lot of feasible financing options belonging to a retrospective reference space, $f(RC)$.

To comply with a principle of fairness, the set of turnovers credit reference space belonging to retrospective period is limited only to those having aggregate value of the elements (financing capacity) at most equal to the current turnover debt reference:

$$rd_0 \leftarrow \overline{f(RC)} = \left\{ rc_{\bar{t}} \left| \begin{array}{l} rc_t \in \sum_{i=1}^m rc_t^i \\ rc_{\bar{t}} = \forall rc_t \in RC | rc_t \leq rc_0 \end{array} \right. \right\} \quad (10)$$

The assessment of turnover credit is in relation to a rational preference relation, \prec , aimed at minimizing the economic benefits transfer toward investment interests contingency.

It's called indicator of operational efficiency, the ratio of the aggregate turnover debt and aggregate value of turnover credit:

$$\mu_0 = \frac{rd_0}{rc_0} \left| \begin{array}{l} rd_0 = \sum_{j=1}^n rd_0^j \\ rc_0 = \sum_{i=1}^m rc_0^i \end{array} \right. \quad (11)$$

It's called fractional indicator of operational efficiency, the ratio of the lowest cumulative turnover credit identified in the analytical reference and the cumulative turnover credit of particular reference:

$$\sigma_{\bar{k}} = \frac{\min \overline{RC}}{rc_{\bar{k}}} \leq 1, \bar{k} \in [0, \bar{t}] \quad (12)$$

The first stage aims to determine the analytical indicator of relative efficiency, ρ_0 :

$$\rho_0 = \min \mu_0 \left| \begin{array}{l} \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} \cdot rc_k^i \leq \mu_0 \cdot rc_0^i, i = 1, 2, \dots, m \\ \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} \cdot rd_k^j \geq rd_0^j, j = 1, 2, \dots, n \\ \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} = 1 \\ \sigma_{\bar{k}} \geq 0, \bar{k} \in [0, \bar{t}] \end{array} \right. \quad (13)$$

by reference to which all credit turnovers belonging to analytic space are placed on the indifference curve of the aggregate value

$$rc_0^{\approx} := \left\{ rc_0^{i \approx} \left| \begin{array}{l} rc_0^{i \approx} = \sigma_0 \cdot rc_0^i | \sigma_0 \leq 1 \\ rc_0 \in f(RC) \\ \sigma_0 \cdot rc_0 \notin f(RC) \\ \text{iff } rc_0^{i \approx} \geq \min RC^i \end{array} \right. \right\} \quad (14)$$

each specific turnovers registering slack values both at the level of turnovers credit as well as for the debit turnovers specific level:

$$\left\{ \begin{array}{l} \delta_{rc_0^i}^- = \rho_0 \cdot rc_0^i - \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} \cdot rc_k^i, i = 1, 2, \dots, m \\ \delta_{rd_0^j}^+ = \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} \cdot rd_k^j - rd_0^j, j = 1, 2, \dots, n \end{array} \right. \quad (15)$$

which is a relative operational activity

$$rc_0^{\leq} := \left\{ rc_0^i \left| \begin{array}{l} rc_0 \in f(RC) \\ \text{iff } rc_0^i > \min RC^i \vee rc_0^i = \min RC^i \Rightarrow rc_0^i \notin f(RC), i = 1, 2, \dots, m \end{array} \right. \right\} \quad (16)$$

optimized by solving a linear programming problem to identify a strict indicator of operational efficiency, q_0 :

$$q_0 = \min \rho_0 = \max \left(\sum_{i=1}^m \delta_{rc_0^i}^- + \sum_{j=1}^n \delta_{rd_0^j}^+ \right) \left| \begin{array}{l} \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} \cdot rc_k^i + \delta_{rc_0^i}^- = \rho_0 \cdot rc_0^i, i = 1, 2, \dots, m \\ \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} \cdot rd_k^j - \delta_{rd_0^j}^+ = rd_0^j, j = 1, 2, \dots, n \\ \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} = 1 \\ \sigma_{\bar{k}} \geq 0, \bar{k} \in [0, \bar{t}] \end{array} \right. \quad (17)$$

leading to an operational activity of strictly rational preference:

$$rc_0^< := \left\{ rc_0^i \left| \begin{array}{l} rc_0 \in f(RC) \\ rc_0^i < \min RC^i \Rightarrow rc_0^i \notin f(RC), i = 1, 2, \dots, m \end{array} \right. \right\} \quad (18)$$

In fact, the process of identifying the best operational practices focused on minimizing the transfer of economic benefits toward investment interests corresponds to a model of data envelopment analysis conducted in two stages

$$\min \mu_0 - \varepsilon \left(\sum_{i=1}^m \delta_{rc_0^i}^- + \sum_{j=1}^n \delta_{rd_0^j}^+ \right) \left| \begin{array}{l} \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} \cdot rc_k^i + \delta_{rc_0^i}^- = \mu_0 \cdot rc_0^i, i = 1, 2, \dots, m \\ \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} \cdot rd_k^j - \delta_{rd_0^j}^+ = rd_0^j, j = 1, 2, \dots, n \\ \sum_{k=1}^{\bar{t}} \sigma_{\bar{k}} = 1 \\ \sigma_{\bar{k}} \geq 0, \bar{k} \in [0, \bar{t}] \end{array} \right. \quad (19)$$

aiming to identify the best operational practices focuses on minimizing the transfer of economic benefits to private and public interests contingency:

$$r_0^< = (rd_0^<, rc_0^<) \left\{ \begin{array}{l} rc_0^< = \{ rc_0^i \mid q_0 \cdot rc_0^i - \delta_{rc_0^i}^-, i = 1, 2, \dots, m \} \\ rd_0^< = \{ rd_0^j \mid rd_0^j + \delta_{rd_0^j}^+, j = 1, 2, \dots, n \} \end{array} \right. \quad (20)$$

4.3. The method to identify the best operating activities oriented to regulated right

The assessment of turnover debit is focused on identifying best practices for the use of operational control exercised by specific regulatory rights, the economic benefits associated operational resources available.

Whether the current operational practice reference:

$$r_0 = (rd_0, rc_0) | u(RD) \ni rd_0 \rightarrow rc_0 \quad (21)$$

for which the debiting current, rd_0 , is a usability feasible to meet current regulated claim, rc_0 , by reference to a lot of feasible opportunities identified in the reference retrospective space, $u(RD)$.

To comply with a principle of fairness, the debit turnovers belonging to retrospective reference space are limited only to those having aggregate value of the elements (operational usefulness) at least equal to the debiting of current reference:

$$\overline{u(RD)} \rightarrow rc_0 = \left\{ \overline{rd_t} \left| \begin{array}{l} rd_t \in \sum_{j=1}^n rd_t^j \\ rd_t = \forall rd_t \in RD | rd_t \geq rd_0 \end{array} \right. \right\} \quad (22)$$

The assessment of turnover credit rating is in relation to a rational preference relation, \succ , oriented towards maximizing the utility of control over economic benefits associated operational resources available.

It's called indicator of operational efficiency, the ratio of the aggregate turnover debt and the aggregate value of turnover credit:

$$\mu_0 = \frac{rd_0}{rc_0} \left| \begin{array}{l} rd_0 = \sum_{j=1}^n rd_0^j \\ rc_0 = \sum_{i=1}^m rc_0^i \end{array} \right. \quad (23)$$

It's called fractional indicator of operational efficiency, the ratio of the largest cumulative turnover credit identified in the analytical reference, $\overline{u(RD)}$, and cumulative turnover credit of a particular reference:

$$\varsigma_{\bar{k}} = \frac{\max \overline{RD}}{rd_{\bar{k}}} \geq 1, \bar{k} \in [0, \bar{t}] \quad (24)$$

The first stage aims to determine analytical indicator of relative efficiency, φ_0 :

$$\varphi_0 = \max \mu_0 \left| \begin{array}{l} \sum_{k=1}^{\bar{t}} \mu_0 \cdot rc_0^i \leq \varsigma_{\bar{k}} \cdot rc_k^i, i = 1, 2, \dots, m \\ \sum_{k=1}^{\bar{t}} \varsigma_{\bar{k}} \cdot rd_k^j \geq rd_0^j, j = 1, 2, \dots, n \\ \sum_{k=1}^{\bar{t}} \varsigma_{\bar{k}} = 1 \\ \varsigma_{\bar{k}} \geq 0, \bar{k} \in [0, \bar{t}] \end{array} \right. \quad (25)$$

by reference to which all debit turnovers belonging to the analytic space are placed on the indifference curve for the aggregate value

$$rd_0^{\approx} := \left\{ rd_0^{j \approx} \left| \begin{array}{l} rd_0^{j \approx} = \varsigma_0 \cdot rd_0^j | \varsigma_0 \geq 1 \\ rd_0 \in u(RD) \\ \varsigma_0 \cdot rd_0 \notin u(RD) \\ \text{iff } rd_0^{j \approx} \leq \max RD^j \end{array} \right. \right\} \quad (26)$$

each specific turnovers registering slack values both at the level of turnovers credit as well as at the debit turnovers specific level:

$$\left\{ \begin{array}{l} \delta_{rc_0^i}^- = rc_0^i - \sum_{\bar{k}=1}^{\bar{t}} \varsigma_{\bar{k}} \cdot rc_k^i, i = 1, 2, \dots, m \\ \delta_{rd_0^j}^+ = \sum_{\bar{k}=1}^{\bar{t}} \varsigma_{\bar{k}} \cdot rd_k^j - \varphi_0 \cdot rd_0^j, j = 1, 2, \dots, n \end{array} \right. \quad (27)$$

which represents an operational activity on relative efficiency

$$rd_0^{\approx} := \left\{ rd_0^{j \approx} \left| \begin{array}{l} rd_0 \in u(RD) \\ \text{iff } rd_0^{j \approx} < \max RD^j \vee rd_0^{j \approx} = \max RD^j \Rightarrow rd_0^j \notin u(RD), j = 1, 2, \dots, n \end{array} \right. \right\} \quad (28)$$

optimized by solving a linear programming problem to identify a strict indicator of operational efficiency, ϕ_0 :

$$\phi_0 = \max \varphi_0 = \max \sum_{i=1}^m \delta_{rc_0^i}^- + \sum_{j=1}^n \delta_{rd_0^j}^+ \left| \begin{array}{l} \sum_{\bar{k}=1}^{\bar{t}} \varsigma_{\bar{k}} \cdot rc_k^i + \delta_{rc_0^i}^- = rc_0^i, i = 1, 2, \dots, m \\ \sum_{\bar{k}=1}^{\bar{t}} \varsigma_{\bar{k}} \cdot rd_k^j - \delta_{rd_0^j}^+ = \varphi_0 \cdot rd_0^j, j = 1, 2, \dots, n \\ \sum_{\bar{k}=1}^{\bar{t}} \varsigma_{\bar{k}} = 1 \\ \varsigma_{\bar{k}} \geq 0, \bar{k} \in [0, \bar{t}] \end{array} \right. \quad (29)$$

leading to an operational activity of strictly rational preference:

$$rd_0^{\succ} := \left\{ rd_0^{j \succ} \left| \begin{array}{l} rd_0 \in u(RD) \\ rd_0^{j \succ} = \max RD^j \Rightarrow rd_0^j \notin u(RD), j = 1, 2, \dots, n \end{array} \right. \right\} \quad (30)$$

In fact, the process of identifying best practices focused on maximizing operational control over the economic benefits associated operational resources corresponds to a data envelopment model developed in two stages

$$\max \mu_0 + \varepsilon \left(\sum_{i=1}^m \delta_{rc_0^i}^- + \sum_{j=1}^n \delta_{rd_0^j}^+ \right) \left| \begin{array}{l} \sum_{\bar{k}=1}^{\bar{t}} \varsigma_{\bar{k}} \cdot rc_{\bar{k}}^i + \delta_{rc_0^i}^- = rc_0^i, i = 1, 2, \dots, m \\ \sum_{\bar{k}=1}^{\bar{t}} \varsigma_{\bar{k}} \cdot rd_{\bar{k}}^j - \delta_{rd_0^j}^+ = \mu_0 \cdot rd_0^j, j = 1, 2, \dots, n \\ \sum_{\bar{k}=1}^{\bar{t}} \varsigma_{\bar{k}} = 1 \\ \varsigma_{\bar{k}} \geq 0, \bar{k} \in [0, \bar{t}] \end{array} \right. \quad (31)$$

aiming to identify the best operational practice focused on maximizing the economic benefits associated with the control of operational resources available:

$$r_0^> = (rd_0^>, rc_0^>) \left\{ \begin{array}{l} rc_0^> = \{rc_0^i \mid rc_0^i - \delta_{rc_0^i}^-, i = 1, 2, \dots, m\} \\ rd_0^> = \{rd_0^j \mid \phi_0 \cdot rd_0^j + \delta_{rd_0^j}^+, j = 1, 2, \dots, n\} \end{array} \right. \quad (32)$$

5. Conclusions

The results obtained by applying the two methods presented are interim results used to assess the risk of operational activities geared towards maximizing control over strategic economic benefits or by minimizing operational transfer of economic benefits towards contingency investment interests.

With reference to each of these methods, it allows the calculations for a large number of financial risk indicators corresponding to each of the specific operational resources or specific regulated debts. At the same time, the results are exploited in determining financial position and financial performance derived affording a different set of risk indicators related to specific rights covered financial position and specific regulated claims. Finally, the results allow prospecting, under both aspects, for the best applicable operational activities in the accounting period immediately following the reference.

REFERENCES

1. CHARNES, A., COOPER, W. W., RHODES, E. Measuring efficiency of decision making units. *European Journal of Operational Research*, 1978, no. 2, pp. 429-444. ISSN 0377-2217.
2. BANKER, R. D., CHARNES, A., COOPER, W. W. Some models for estimating technical and scale inefficiencies in data envelopment analysis, *Management Science*, 1984, no. 30, pp. 1078-1092. ISSN 0025-1909 (Print), 1526-5501 (Online).
3. COOPER, W. W., SEIFORD, L. M., TONE, K. *Introduction to Data Envelopment Analysis and Its Uses*, Springer Science+Business Media Inc., 2006. ISBN 0-387-28580-6 (SC).
4. COOPER, W. W., SEIFORD, L. M., TONE, K. *Data Envelopment Analysis*. – New York: Springer Science+Business Media Inc., 2007. ISBN 0-387-45281-8 (HB).
5. COOPER, W. W., SEIFORD, L. M., ZHU, J. *Handbook on Data Envelopment Analysis*, Springer Science+Business Media, LLC, 2011. ISBN 978-1-4419-6150-1.

Rezumat

Valorificarea informației contabile, cuprinsă în documentele contabile de sinteză, constituie o prioritate pentru oricare factor de decizie mandatat să administreze interesul investițional. Articolul prezintă două modalități de exploatare a informației contabile cuprinse în balanțele de verificare lunare, aparținând unei perioade de referință retrospectivă de dimensiune echivalentă unui exercițiu financiar (12 luni calendaristice). Prima dintre acestea vizează utilizarea informației contabile în vederea identificării celei mai bune practici operaționale orientate pe minimizarea transferului de beneficii economice către interese investiționale contingente private și publice (comerciale și fiscale). Cea de-a doua metodă prezentată vizează utilizarea informației contabile în vederea identificării celei mai bune activități operaționale orientate pe controlul asupra beneficiilor economice asociate resurselor operaționale disponibile.

Metoda de cercetare se bazează pe analiza anvelopării datelor, o metodă de analiză non-parametrică care în ultimii 50 de ani a cunoscut o dezvoltare continuă și o largă aplicabilitate practică, în special în managementul producției industriale sau cel al managementului serviciilor publice. Contribuția originală a autorului vizează utilizarea metodei de analiză a anvelopării datelor în prelucrarea informației contabile conținută în balanțele contabile de verificare. Rezultatele contribuției se constituie într-o metodă de analiză financiară bazată pe cel mai simplu material documentar disponibil, însă rezultatele complexe obținute pot fi utilizate în continuare în analiza financiară a managementului operațional, a riscului poziției financiare și performanței financiare.

Cuvinte-cheie: evaluarea întreprinderii, analiza financiară a dreptului reglementat operațional, analiza financiară a creanței reglementate operațional, stabilirea celei mai bune practici operaționale, analiza anvelopării datelor.

Аннотация

Оценивание и применение учетной информации, содержащейся в финансовых отчетах, является приоритетом для любого управляющего инвестиционным интересом. В статье представлены два способа использования учетной информации, синтезированной в ежемесячных оборотных ведомостях, относящаяся к ретроспективному отчетному периоду, эквивалентный финансовому году (12 календарным месяцам). Первый из них связан с использованием бухгалтерской информации в целях выявления наилучших операционных практик, ориентированных на сокращение передачи экономических выгод инвестиционным интересам, сопрягающиеся с частными и общественными (коммерческими и фискальными). Второй представленный способ заключается в использовании бухгалтерской информации в целях выявления наилучшей операционной деятельности, ориентированной на контроле экономических выгод от использования операционных ресурсов.

Метод исследования основан на анализе данных непараметрическим методом, регистрирующий в последние 50 лет постоянное развитие и широкое практическое применение, в основном в управлении производством и общественными услугами. Оригинальный вклад автора выражается в использовании непараметрического метода анализа при обработке данных бухгалтерского учета, содержащихся в оборотных ведомостях. Результат вклада заключается в применении метода экономического анализа основанного на простом доступном документальном материале, комплексные результаты которого могут быть использованы в дальнейшем в финансовом анализе операционного управления, анализе риска финансового положения и финансовых результатов.

Ключевые слова: оценка предприятия, финансовый анализ операционно регламентированного права, финансовый анализ операционно регламентированной дебиторской задолженности, установление лучшей операционной практики, анализ данных.

**ASPECTS OF THE DEVELOPMENT OF PROCUREMENT AND
PROCESSING ACTIVITY IN CONSUMER COOPERATION OF THE
REPUBLIC OF MOLDOVA**

Claudia MELINTE, Assoc. Prof., PhD,
Trade Co-operative University of Moldova
E-mail: claudiabadarau@yahoo.fr

Elena GRAUR, Assoc. Prof., PhD,
Trade Co-operative University of Moldova
E-mail: elenagraur73@mail.ru

Irina COSNICEAN, Assoc. Prof., PhD,
Trade Co-operative University of Moldova
E-mail: i.cosnicean@mail.ru

Simion MORARU, Assoc. Prof., PhD,
Trade Co-operative University of Moldova
E-mail: moraru42@mail.ru

Mariana SMOLEVSCAIA, Lecturer,
Trade Co-operative University of Moldova
E-mail: smolevscaiamariana@gmail.com

JEL classification: A2, A3, M1, M2, O1, O3, O5

Abstract

In the modern economic system the economic process with systemic features, known as the Supply Chain Management (SCM), has acquired an increasing implementation. The Supply Chain Management involves an outstanding connection into the business relationships between producers, intermediaries (stocks, stores), logistic systems, distributors and customers, consumers. The added value of this concept is driven by the synergy of all components included in the management of the supply chain, which, we believe, should become a mandatory part of the development strategy of the national cooperative system. This paper develops some aspects of the procurement process in a theoretical and applicative approach with the emphasis on the issue of evolution of acquisition activity in the frame of cooperation system in the Republic of Moldova. The results presented in this article are the outcome of research and education mix, they are founded on the combination of theoretical studies with practical applications in all of three cycles of higher education.

Keywords: management of the supply chain, procurement management, consumer cooperatives, cooperative system.

1. Introduction

The acquisition activity is a priority and a key element of economic actions, effort which begins any activity that aims to produce or provide commercial services, so, in this context, it is important to develop strategies to enhance and optimize the logistics of entity, develop activities based on sustainability management and innovation. The promotion of innovation strategies need and must be based on knowledge and creativity, sense of responsibility and initiative, entrepreneurial capacity, the power of resource ownership for the development of the organization.

In the modern management it becomes more and more attractive the processing of economic efficiency and management through an approach and in a shared context known as Supply Chain Management (SCM) - a concept of the supply chain that includes an organizational strategy which encompasses the application of acquisition activity, which involves the merging into a single system of acquisition and insurance cycles of raw materials for production processes, but also the launch on the markets of goods and services. Supply Chain Management (SCM) can be approached by the formation of a connection between: production, raw material suppliers, emplacement of resources, distribution and informational systems, and finally including the quality management of provided products and services.

Supply Chain Management (SCM) should be a mandatory element, pillar of the strategy of development of the national cooperative system and an integral part of business relationships between producers, intermediaries (stocks, warehouses), logistics systems, distributors and customers, the final consumers. The approach of this concept is generated by the synergy of all components included in the management of the supply chain, which in our opinion is a mandatory part of the national cooperative development strategy.

2. The degree of investigation of optimizing procurement activity issues

One of the most promising research directions in the field of optimization of procurement activity is SMC. The essence of managing the supply chain is the search and evaluation of all logistics procedures throughout the life cycle of the product / service, or in other words, the process of development, production and marketing of products / services and their after sales maintenance. In this context, it is timely to develop logistics and marketing management in purchasing cooperatives sector in Moldova.

The researches in the context of the management of the supply chain have an advanced international spread, but in Moldova this research area is barely at the beginnings.

The quintessence of Supply Chain Management approach summarizes the obvious things, but certainly not trivial:

- the cost of product is formed throughout the whole supply chain, but is critically and distinctively reflected only at the last stage - at the distribution to the final consumer;
- the real cost reflects "the overall effectiveness of operations", including transportation and marketing, which are found throughout the whole chain, and not just in the process of a concrete marketing act;
- most easily influenced, in terms of cost, are the initial stages – the good production stage and the most sensitive - are those final – the goods commercialisation.

In connection with this process of elaboration and development of Supply Chain Management necessarily shall be find the innovative management of the procurement system of consumer cooperatives through which is appropriate the innovation of ways and techniques of administration of the logistics of the chain acquisition-production-distribution, causing:

- appropriate structure of deposits of raw materials and those provided for goods production, which would lead to optimization of operational expenditure;
- methods for optimization of patterns of transportation and distribution operations;

- convenient location for production of goods to make feasible their delivery on a single and concrete market for sales.

The attributes of acquisition activity are concepts such as purchase, insurance, distribution, procurement, acquisition, etc., that interpretation would mean:

acquisition - it is an action related to the commercial activity of the company, which corresponds to a financial commitment for purchasing material resources or products, itself representing an effective monetary transaction;

supply is itself a moment of the complex process of insurance with required materials and technical equipment, preceded by the establishment of the necessary size and timing of the purchase by the intervention of the request or on order, antedated by the negotiation of delivery conditions, finalized by the effective distribution of material resources.

Supply is the activity that ensures the material and technical elements necessary for economic activity, with their level and composition aimed at achieving the general objectives of the company, under minimal costs and a higher profit.

The acquisitions of agricultural products and raw materials in the consumption cooperation system of the Republic of Moldova have a deliberative position, as they provide the raw materials needed for the System business, the development of necessary assortment of goods in the distribution cooperative network, in production companies and those of the restoration. By their supply system consumer cooperatives create opportunities to accumulate resources for the realization of exports of goods and for accumulation of financial resources for the development of the system.

The supply management is a complex concept with a polyvalent structure of activities that include, as elements of the system, aspects of management, analysis and evaluation. The special features of supply management is to ensure the balance between the need and availability of necessary resources to be provided in an economic unit.

The researches allow us to sustain that a way for ensuring the objectives of procurement activity can be achieved by focussing on getting a complete and complex business insurance with adequate resources, qualitatively and quantitatively, in time and space with minimal costs, applying the Supply Chain Management. Thereby the national cooperative system would favour obtaining the integration in a chain of procurement activities, processing activities, restauration, distribution, with a high cumulative effect. We consider it is appropriate to create a joint management unit to coordinate the flow of resources between components of the system - co-operative enterprises and organizations in the concerned areas.

The absorption capacity of the volumes purchased by the cooperative network of outlets can be perceived by the actual volume of retail sales - so in recent years through the cooperation sales network it was demonstrated an ability to reach an annual turnover of approximately 700-800 million lei.

In this article we aim to analyze the fundamental characteristics of supply chain management and the prospects for the implementation of this system to optimize the functioning of cooperative business networks in the Republic of Moldova in the acquisitions sector. We support the opinion that the synergistic effect can be amplified when the chain of cooperative stores will be involved in an integrated system: acquisition – processing – distribution.

3. Applied research methodology

The goals of our research have determined the use of various traditional research methods, such as economic analysis and synthesis, logic and comparative analysis, normative and statistical methods and other scientific knowledge tools for economic processes investigations. Throughout the elaboration of this study we used the results of our previous investigations, based on empirical data of cooperative enterprises, on interviews with specialists, practitioners in the field, on their expert opinions.

4. Theoretical and applied aspects of the development of procurement and processing activity in consumer cooperation of the Republic of Moldova

Supply chain management represents in itself one of the most effective ways of achieving the competitiveness of the company on the basis of minimum cost and advanced level of customer service.

Researchers see in the concept of a supply chain the optimization of business process components, which include the logistical functions of the company in their integrity, prolong and enrich them.

Supply chain management can be interpreted as systemic considerations used for the integration into an effective system suppliers, manufacturers, distributors and retail outlets in a way that the goods are produced and distributed in sufficient quantity, in the appropriate places and at the right time, with the objective of minimizing the overall system cost and guarantee the requirements of the level of provided services.

In our opinion, experts, especially practitioners, often have a wrong vision of the concept, by reducing the supply chain, to their logistics component only.

The evolution of economic systems, the impact of conjuncture, have changed the design and supply chain management objectives by the sophistication of customer service, high lapse of time, an advanced demand for high quality products and services, low cost, integration of information technology and flexibility in adapting products to customer needs.

Supply Chain Management System is focused directly on customer demand, rather on the imperatives of achieving quick sales and, as a result, we get a system that quickly responds to customer demand by minimizing the flow of materials and finished products in each ring of the chain. Thus through the successful implementation of supply chain management system the cooperative system will be able to fulfil the role of facilitator and natural integrator of divergent demands of sales and production, of quality and price, service costs and financial and qualitative measurements. Logistics professionals need to increase understanding about other business functions that are found within their society.

The investigation performed represents a first step in consolidating the milestones for achievement of performing supply chain management in acquisition enterprises through all cooperative sectors of the Republic of Moldova.

Research on the evolution of acquisitions in consumer cooperatives system, performed at different levels of analysis, beginning with master's theses, followed by studies within the frames of institutional research projects, demonstrates a close correlation between procurement activities and

the production sector in cooperative system of the Republic of Moldova. This connection is observed particularly in the demonstration below.

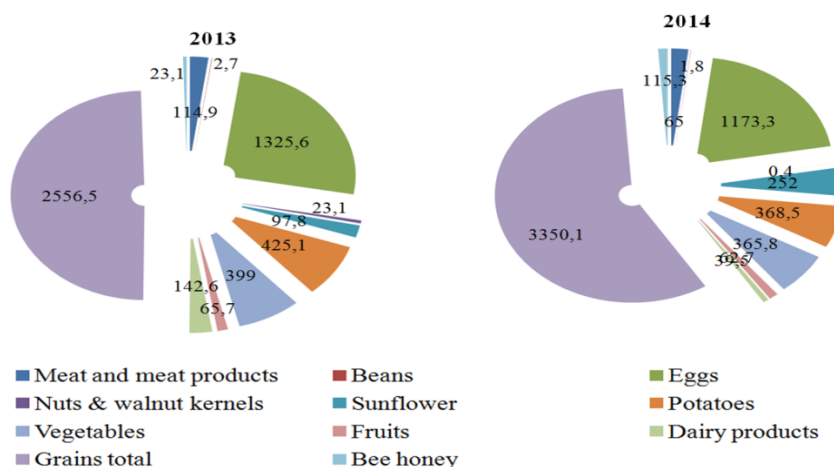


Figure 1: The evolution of acquisition activity structure in consumer cooperatives of the Republic of Moldova in 2013 & 2014 (January - June)

Source: elaborated by the authors based on the MOLDCOOP reports [11].

Thus, for example a large part of the acquisitions structure in recent years is represented by the grain acquisitions (Figure 1). According to the last two years they amounted about 49.4 – 57,8% of all acquisitions throughout the cooperative system. At the same time, the production in the cooperative sector, as an overwhelming part of the volumes produced is composed by the bread and bakery products, confectionery products – about 97,6 - 98,6% (Figure 2). The data demonstrate that, at least for these products, is required a flows coordination between different activities: acquisitions - production – distribution for the optimization of efforts and maximization of results obtained in the whole cooperative sector.

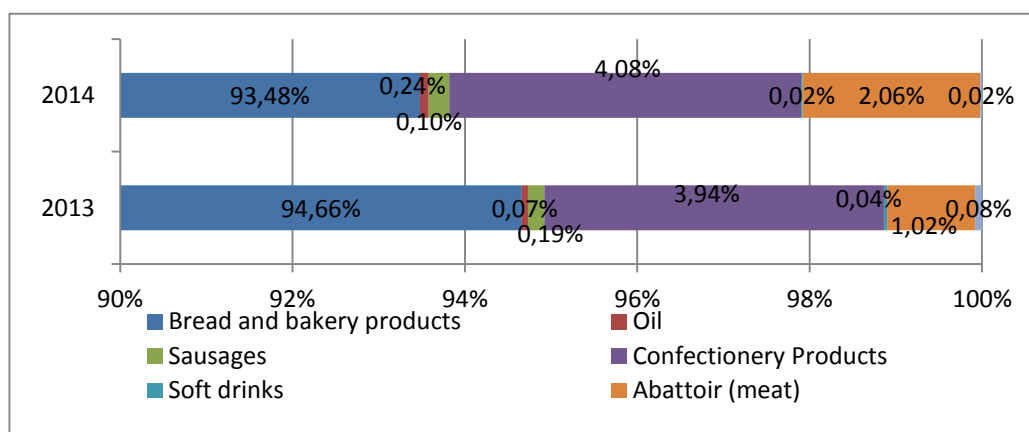


Figure 2: The evolution of industrial production structure in consumer cooperatives of the Republic of Moldova in 2013 & 2014 (January - June)

Source: elaborated by the authors based on the MOLDCOOP reports [11].

The evolution of the acquisitions over the last decades in consumer cooperatives system carry an uneven and unstable nature, both in the mid of the 90es of the last century, when acquisitions were

practically at the verge of extinction in the economic activities of cooperatives in the Republic of Moldova, and in posterior periods - 2002 and 2009, when acquisitions have decreased significantly in the volumes processed. Analysis of recent data from 2013, 2014 confirms these trends.

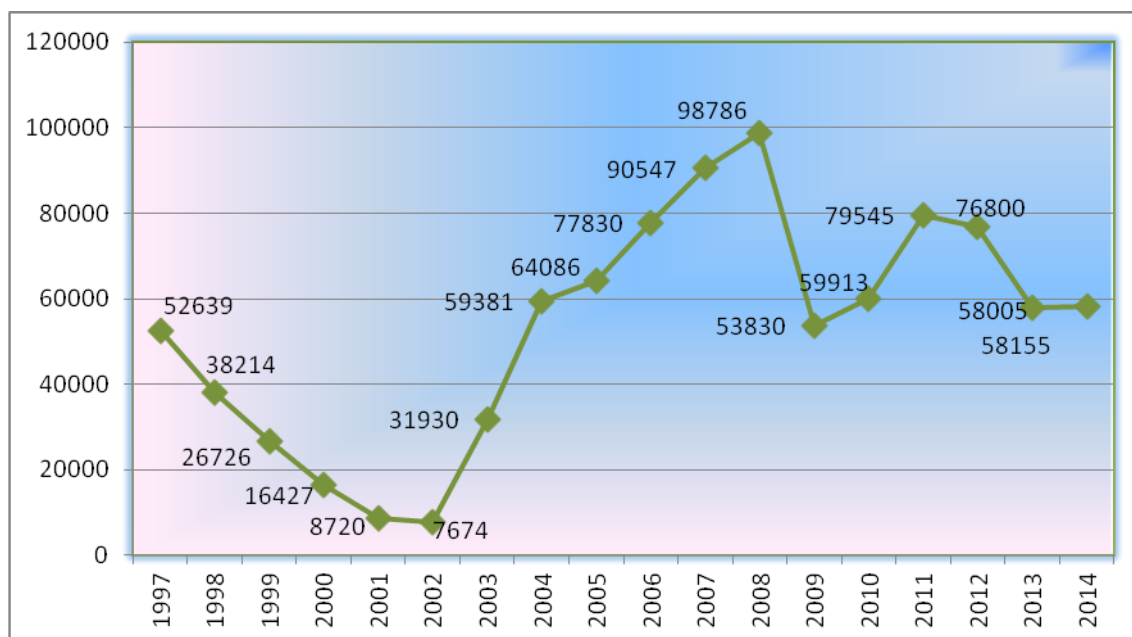


Figure 3: The evolution of acquisitions activity within the MOLDCOOP system in 1997-2014
Source: developed by the authors based on the MOLDCOOP reports [9, 10, 11].

This instability of the results imposes the necessity of approach of acquisitions in a single network with processing and marketing activities, creating a system “acquisitions - processing – distribution”, which would give them a more stable development because acquisition activities will become an integrated part of common and unique logistical system that would ensure the stability of their development.

We agree with the opinion expressed by A. J. Gasser [3, p. 48], stating that the main points of the potential success in acquisitions come from actions in the value added area. Costs may effectively decrease through standardization, reengineering, simplification, new processes, concentration of functions and much more.

The essence of the concept of supply chain management requires organization-wide management of physical flow of materials, finished products and raw materials, in parallel with informational and financial flows. We support the idea expressed by P. Baily and co-authors [1, p. 395], stating that the emergence of informational technologies (IT) systems and development of more integrated software applications has radically changed the acquisitions conjuncture. This idea determines the necessity of integration in system mentioned above of informational component, in other words an adjustment of IT and Information System connected to acquisition - processing - distribution activities within the national cooperative system.

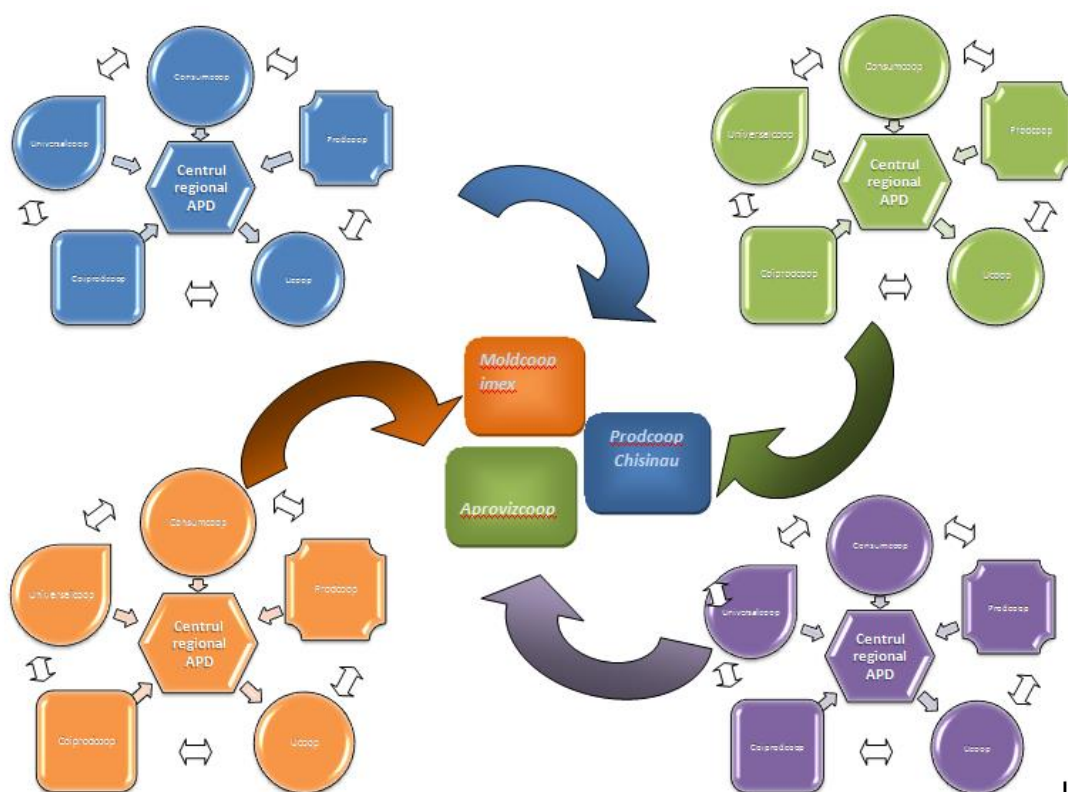


Figure 4: The scheme of acquisitions - processing - distribution flows interactions within the MOLDCOOP system

Source: developed by the authors based on expert evaluations and reports of MOLDCOOP for 2013 and 2014 [11].

We consider that through the scheme of acquisition - processing - distribution flows interactions within the MOLDCOOP system we propose a model, whereby both cooperative system practitioners and researchers in the field, can implement to identify factors that influence the supply chain management performance in cooperative enterprises by regions taken apart and we offer the solution that, once being implemented, can serve as experiment for a case study in view of possible improvement in the future.

Implementation and development of supply chain management in the cooperative system of the Republic of Moldova will have the effect of deeper processing of information in the cooperative acquisitions and as a result - reduce the Bullwhip effect [4], optimize stocks size, but also reducing logistics costs and improving the payments system. These performances will generate benefits to the whole cooperative system, steady economic results and increased productivity.

We agree with the opinion of authors which identifies three dimensions of supply chain management. These are:

- Intra functional coordination: refers to the administration of activities and processes within the logistics service of a company;
- Cross functional coordination: refers to the coordination of activities (belonging to certain functions) between functional areas of the company;
- Inter organizational coordination: refers to the coordination of the chain of activities according to product flow, which take place between legally separated companies.

In our paper we have developed only the last component, the first two being the subject of research and experimental application during or after the implementation in practice.

5. Conclusions

In conclusion we propose the following actions concerning the development of the acquisition - processing activity in consumer cooperation of the Republic of Moldova:

1. The creation of the integrated cooperative system: acquisition - processing - retail outlet (distribution), based on design and development of concrete strategies aimed to strengthening positions on the domestic and foreign markets.
2. APD Regional Centre will aim business development based on effective communication with production and distribution companies, by coordinating quantities and quality of purchased assortment, which finally would give a more stable growth character to the evolution of cooperative acquisition sector.
3. The adjustment of IT and Information System connected to acquisition - processing - selling activities within the national cooperative system, and forming a connection with other companies of the same branch at country level and in the European Union area.
4. Application of the results of this study in the educational process as case studies in various specialized disciplines will allow to ensure a higher performance through research-based education.

REFERENCES

1. BAILY P., FARMER D., JESSOP D., JONES D., Principles and procurement management / Principiile și managementul achizițiilor. – Ch.: ARC Publishing house, 2004. p. 524. ISBN 9975-61-343-8.
2. BĂȘANU Gh., PRICOP M., Management of supply and vending (sale) / Managementul aprovizionării și desfacerii (vânzării). – Bucharest: Economica Publishing house, 2001, p. 440. ISBN 973-9198-48-1.
3. GASSER, Albert J., Die neue Sicht: Einkauf als Gewinnbringer. / Idei noi. Un creator de profit: aprovizionarea. Romanian Association of Purchasing ARA / Swiss Association for Materials Management and Purchasing. – Bucharest, 2007, p. 118. ISBN 973-97101-8-2.
4. Logistic Specialist Blog (LSB) <http://logistic-specialist.ro/?p=126>, (visited 11.04.2015).
5. MELINTE C. Redefining the Mission and the Image of the Co-Operative Model of the Company. In: Economy Transdisciplinarity Cognition. 2011, 14 (1), pp. 446-451. ISSN 2068-7389.
6. MELINTE C., TCACIUC C. Strategies to improve human resources management in cooperative enterprises / Strategii de perfecționare ale managementului resurselor umane în întreprinderile cooperatiste / Scientific papers. State Agricultural University of Moldova - Volume 22: Economics - Ch.: CE UASM, 2008, pp. 69-72. ISBN 978-9975-64-133-3.
7. MELINTE C., TROFIMOV V. Socio-economic policies of the State in rural areas through the development of cooperative movement in Moldova / Politicile socio-economice ale statului în mediul rural prin prisma evoluției mișcării cooperatiste în Republica Moldova. Proceedings of the International Conference “Macro-economic policies and the role of the State in the efficient organization of the economic activity” – Ch.: AESM, 2003, pp. 193-201. ISBN 9975-75-217-9.
8. MELINTE, C. Funding sources to create an enterprise / Sursele de finanțare la crearea întreprinderii. In Entrepreneurship: Starting a Business / L.Bugaian, V.Catanoi, A.Cotelnic [et al.]; red. șt. coord. L.Bugaian. TUM. – Ch.: „Elena-V. I.” SRL, 2010, pp. 317-332. ISBN 978-9975-9649-4-4.
9. MOLDCOOP Board Report on economic and financial activity totals of consumer cooperatives in 2008/MOLDCOOP Board Meeting the XIV legislature, Chisinau, March 24, 2009.
10. MOLDCOOP Board Report on economic and financial activity totals of consumer cooperatives in 2010/MOLDCOOP Board Meeting the XIV legislature, Chisinau, March 25, 2011.
11. MOLDCOOP, Reports on progress in the implementation of provisions of XVth Congress of consumer cooperatives decisions on the development program for the 2012-2015 years, the Board Decision, the sixth meeting of the XVth legislature, Sept. 2013.
12. RAISCHI, N., SMOLEVSCAIA, M., FEDORCIUCOVA, S. The Social Responsibility in Insurance of Consumer Protection, in Terms of Quality Management Activity of Trade Enterprise at the Supply Chain Level. In: Economy, Transdisciplinarity, Cognition, 2012, 15 (1), pp. 213-217. ISSN 2067-5046.
13. SAUNDERS, M., Strategic purchasing and supply chain management. – London: Pitman, 1994. 304 p. ISBN 0-273-60326-4.

Rezumat

În sistemul economic modern o implementare tot mai răspândită au dobândit procesele economice, cu caracteristici sistematice, într-un context comun denumit Supply Chain Management (SCM). Acesta implică o conexiune deosebită în relațiile de afaceri dintre producători, intermediari (stocuri, magazine), sisteme logistice, distribuitori și clienți, consumatori. Valoarea adăugată a acestui concept este determinată de sinergia tuturor componentelor incluse în managementul lanțului de aprovizionare, care credem noi, ar trebui să devină o parte obligatorie a strategiei de dezvoltare a sistemului național de cooperare. Această lucrare dezvoltă unele aspecte ale procesului de achiziții într-o abordare teoretică și aplicativă, cu accent pe problematica evoluției activității de achiziție în cadrul sistemului de cooperare în Republica Moldova. Rezultatele prezentate în acest articol sunt produs al mixului dintre cercetare și educație, care se bazează pe o combinație a studiilor teoretice cu aplicații practice în toate cele trei cicluri ale învățământului superior.

Cuvinte-cheie: managementul lanțului de aprovizionare, managementul achizițiilor, cooperativele de consum, sistemul cooperatist.

Аннотация

В современной экономической системе все большее распространение приобрели экономические процессы с системными функциями, получившие известность в общем контексте под названием supply chain management (SCM). Этот феномен представлен особенным соединением экономических отношений между производителями, посредниками (складские услуги, магазины), логистическими системами, дистрибьютерами и клиентами, потребителями. Добавленная стоимость этого концепта достигается синергией всех компонентов, включенных в управление цепочкой поставок, которая по нашему мнению, должна стать обязательной частью стратегии развития национальной кооперативной системы. Данная статья раскрывает некоторые аспекты процесса заготовок, в теоретическом, так и в прикладном подходе, с акцентом на проблематику эволюции, развития заготовительной деятельности в рамках системы потребительской кооперации Республики Молдова. Результаты, представленные в данной статье, являются итогом исследований и получены путем сочетания образования и исследовательской деятельности, основаны на сочетании теоретических изысканий и практического применения на протяжении всех трех циклов высшего образования.

Ключевые слова: управление цепочками поставок, управление заготовками, потребительский кооператив, кооперативная система.

The publication is fulfilled within the research Project „Domestic trade and consumer cooperatives development in the context of economic integration of the Republic of Moldova in the European Community” (code 15.817.06.28A).

EUROPEAN MECHANISMS OF VAT TAXATION AND THEIR IMPLEMENTATION IN TAX AND ACCOUNTING PRACTICE OF THE REPUBLIC OF MOLDOVA

Viorica NACU, Doctoral student at AESM, Principal inspector,
The State Tax Inspectorate of municipality Chisinau
E-mail: vnacu@mail.ru

JEL classification: M41, H25

Abstract

Throughout its existence, the value added tax (VAT) influenced negatively the economic activity of entities and financial situation of population, representing at the same time a considerable source of income to the state budget.

In the European Union (EU) legislation there are legislative directives which encode the provisions of implementing the common system of VAT, that apply to the production and distribution of goods and services for consumption within the EU. These Directives issued at Community level do not apply directly, these being transposed into national legislation of each Member State.

One of the prerogatives of alignment the Republic of Moldova (RM) to EU is the improvement of its legislation in accordance with the provisions and conditions imposed by the EU.

Thus, the first step for RM in improving tax system according to legislative requirements of the European Union is directed towards legal harmonization of VAT to the conditions of the European standards. In connection with above-mentioned, this article reflects some mechanisms of VAT taxation in European countries and the ways of their implementing in tax and accounting practice of RM.

Keywords: value added tax, purchases, sales, budget, reverse charge, obligation to pay.

1. Introduction

Dr. Alain Taut, director of the Fiscal Affairs Department of the International Monetary Fund, presented some problems regarding the implementation of VAT. In his opinion, there are three main reasons for the adoption of VAT, namely:

- ensuring consistently enough revenue to the state budget. Thus, the VAT contributes with 12% to 30% to its formation, in most countries where is applicable, representing at the same time, about 5-10% of the GNP. This shows that VAT is a considerable source of income and tax base;
- pronounced neutrality of this type of indirect tax, which is not distorted;
- increased efficiency of such fiscal instrument that often replaces some inefficient taxes, distorted or hard to manage, affecting gain tax evasion, such as for example, taxes on capital exports or imports [1].

2. The degree of investigating the problem

Introduction of value added tax instead the tax on movement of goods represented a turning point in improving the tax system and at the same time the first step towards the tax reform in the

country. However, it was a requirement for transition to a market economy and a future alignment to the European standards.

The UE legislation through the Directive 2006/112/EC of the European Union of 28 November 2006 on the common system of VAT recommends applying the reverse charge mechanism for services particularly susceptible to fraud. At present the reverse charge is applied by 10 Member States, among which Romania is.

In RM Tax and customs policy objectives in the medium term of 2015-2017 provides for introduction of reverse charge mechanism for certain supplies, such as pledged property, mortgaged property, sequestered and being declared in insolvency process [11].

3. Methods and materials applied

The foundation of research is basic Directives by which are codified the provisions of implementing the common system of VAT, applying to the production and distribution of goods and services bought and sold for consumption within the European Union.

Investigation of problems was possible using the following methods: analysis, synthesis, comparison, induction, deduction.

4. Results obtained and discussions

4.1. European mechanisms of VAT taxation

Impact of value added tax (hereinafter called VAT) on the economy was mentioned for the first time in France at the initiative of Maurice Laure in 1954. Later this indirect tax was introduced in other countries of Europe, Asia, Africa and Latin America. The basis for the introduction of VAT has found a motivation in substituting various taxes charged on turnover and its use as a single tax levied at various stages of production by manufacturers. Each manufacturer is entitled by law to deduct VAT previously supported in the own production [8].

In 1967 on the European continent, after ten years of the Treaty of Rome, within the European Economic Community, a number of legislative directives have been adapted which laid the foundation of this type of indirect tax. Today, in more than 70 countries, VAT finds its significant place in the adopted tax system.

Basic Directives which encode the provisions of implementing the common system of VAT, that apply to the production and distribution of goods and services bought and sold for consumption within the European Union (EU), are as follows:

- ✓ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax [3];
- ✓ Eighth Council Directive of 6 December 1979 on the harmonization of the laws of the Member States relating to turnover taxes — Arrangements for the refund of value added tax to taxable persons not established in the territory of the country(79/1072/CEE) [4];
- ✓ Thirteenth Council Directive of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes — Arrangements for the refund of value added tax to taxable persons not established in Community territory (86/560/EEC) [14].

Directives issued at Community level do not apply directly, these are being transposed into national legislation of each Member State [7].

According to the Directive 2006/112 / EC of 28 November 2006 on the common system of VAT, the principle of the common system of VAT involves the application to goods and services of a general tax on consumption exactly proportional to the price of goods and services, regardless of a number of operations that occur in the production and distribution process. The common system of VAT applies to retail sale stage, including [3]. The Directive 2006/112/EC recommends applying the reverse charge mechanism for services particularly susceptible to fraud, and assumes that, unlike, its general application will not have a negative impact on the fundamental principles of VAT system [5].

Thus, under Article 199a of this Directive, member States may provide reverse charge, until 31 December 2018 and for a minimum period of two years. The person liable to pay tax is the taxable person receiving the following operations:

- (a) the transfer of allowances to emit greenhouse gases...;
- (b) the transfer of other units that may be used by operators...;
- (c) supplies of mobile telephones, namely devices made or adapted for use in connection with a licensed network and operated on certain frequencies, whether or not they have any other use;
- (d) provision of integrated circuit devices such as the microprocessors and central processing units before their integration into end user products;
- (e) supply of gas and electricity to a taxable dealer, ...;
- (f) providing of certificates for gas and electricity;
- (g) the provision of telecommunications services, ...;
- (h) provision of gaming consoles, tablet PCs and laptops;;
- (i) supplies of cereals and industrial culture, including oilseeds and sugar beets, which are not in principle for the ultimate consumer;
- (j) supplies of metals or semi-finished metals, including precious metals, of special schemes for occasion goods (second-hand), works of art, collectors' items and antiques ...

At present the reverse charge is applied by 10 Member States, among which Romania is. In Romania reverse charge has been introduced since 01.01.2007 for some transactions inside Romania, between VAT payers [6].

According to the Romanian Tax Code, the reverse charge applies to the delivery of goods (ferrous and non-ferrous scrap, residues and other recyclable materials consisting of ferrous and non-ferrous metals, recyclable waste and recyclable materials consisting of paper, cardboard, fabric, cables, rubber, plastic, and glass cullet), supply of wood and wood materials; delivery of cereals and crops, transfer of allowances of greenhouse gas emissions and electricity supply by a taxable dealer.

4.2. Implementation of European mechanisms of VAT in tax and accounting practice of the Republic of Moldova

In RM VAT was introduced on 1 January 1992, replacing the tax on the movement of goods. It is a general state tax representing a form of payment to the budget of a portion of the value of goods

supplied and services provided subject to taxation on the territory of RM, as well as of a portion of the value of all taxable goods and services imported into RM.

Considering that VAT is determined and recorded in the purchase and sale operations of material goods (goods) and services in the country, there are situations where:

a) VAT amount on purchases is less than the amount of VAT on sales, the difference is due to be paid to the budget;

b) VAT amount on sales is less than the amount of VAT on purchases, the difference is due to input into account (recovered).

In general, these two options can be presented schematically in Figure 1:

Taxable supply: a) 2000000 lei b) 3000000 lei	x	Rate of VAT 0,2	=	VAT from taxable supply a) 40000 lei b) 60000 lei	-	TVA from purchase a) 20000 lei b) 70000 lei	=	VAT to be: a) paid - 20000 lei b) recovered - 10000 lei
--	---	------------------------	---	--	---	--	---	--

Figure 1: Calculation of VAT

Source: elaborated by the author

In determining VAT, the rates established by the Tax Code are applied. VAT rates are applied to the purchases operations of materials, goods and services from RM residents, to the import and trading operations, including export operations, established by art. 96 of Tax Code of the RM. According to the present article, the following rates are established: standard rate – in the amount of 20%, reduced rate - in the amount of 8% and zero rate.

In accordance with the timetable, established by the Association Agreement between the European Union and the European Atomic Energy Community and its Member States, on the one part, and the RM, on the other part, a number of fiscal policy measures on the major type of taxes are expected: income tax on individuals and entities, VAT, excise duties, tax on immovable property, local fees, road taxes and other taxes.

Thus, Annex 1 to the Minutes of the meeting of Budgetary Framework of Coordinating Group on Medium Term of 2015-2017 of the Ministry of Finance No. 2 of 25 March 2014 „The medium-term fiscal policy objectives 2015-2017” provides for the harmonization of legal framework on VAT with EU legislation, namely Directive 2006/112/EC of the European Union of 28 November 2006 on the common system of VAT [11].

One of objectives of harmonization of legal framework on VAT with EU legislation provides for the introduction in 2015 of the reverse charge mechanism for certain supplies, such as pledged property, mortgaged property, sequestered and being declared in insolvency process.

The purpose of implementation of the reverse charge mechanism for these 4 types of internal deliveries is to ensure the revenue collections to the budget at chapter VAT and countering tax evasion in supply chains that occur at intermediate entities which send the input of VAT amounts for other entities, but does not pay obligations for declared deliveries. This reverse charge mechanism will be a simplified compulsory regime of VAT for these deliveries. Thus, the general tax regime of VAT will not be applied to such supplies [10].

On the basis of proposed mechanism, the supplier and the buyer (recipient) will necessarily be registered as VAT payers, and the obligation to pay VAT is attributed to the purchaser (beneficiary) of pledged property, mortgaged property, sequestered and being declared in insolvency process. Under the payment document which confirms the payment of VAT to the budget and tax invoice delivered by the provider of above mentioned properties, the purchaser will have the rights to pass on account the amount of VAT. Supplier will issue the VAT invoices without registration of VAT amount.

Thus, in the case of reverse charge mechanism, the supplier is not subject to taxation on supply of the property, and does not calculate and pay the VAT to the budget, but the buyer (recipient) is taxable subject to VAT, calculates and pays the VAT to the budget, having the right to input the paid VAT into account.

The application of reverse charge mechanism for the pledged property, mortgaged property, sequestered and being declared in insolvency process is based on the fact that the funds obtained from the realization of these properties are primarily used to repay debts to creditors (for ex. commercial banks, central government, etc.).

For a practical reflection of the mentioned, we present the following example:

Example	<p>Limited liability company (hereinafter called LLC) „Garofita”, being supplier, delivers a pledged property to LLC „Armonie” in the amount of 300 000 lei, without indicating the VAT in the issued invoice. LLC „Armonie”, in its turn, based on the invoice, received from the supplier, calculates the VAT in the amount of 60 000 lei, and according to the payment device, transfers that amount to the budget. According to the payment device, LLC „Armonie” gets the right to input the VAT into account. In the same month, LLC „Armonie” delivers textile manufactured by it, and after issuing invoices to its customers (in amount of 800 000 lei), calculates the VAT in the amount of 160 000 lei.</p>
----------------	--

Given the fact that, LLC „Armonie” calculates the VAT, and according to the payment device, inputs into account the VAT, it takes place a self-liquidation, which is reflected by relationship [12]: VAT inputted into account = VAT collected, in the amount of 60 000 lei.

Following his supplies, LLC „Armonie” calculates also 160 000 lei, which will have:

- VAT inputted into account = 60 000 lei;
- VAT collected = 60 000 lei + 160 000 lei = 220 000 lei;
- VAT payable = VAT calculated - VAT inputted into account = 220 000 lei - 60 000 lei = all the same 160 000 lei, calculated by LLC „Armonie”, according to its supplies.

Thus, the State, through this „gimmick”, transferred the taxation of 60 000 lei to the purchaser (directly), instead taxing the supplier, as usually it is done, and asking the buyer to transfer, directly, all the 220 000 lei, calculated by itself.

In this way, the State budget, rather, is cashing those 220000 lei - integral from a single entity, instead receive them - fragmented from two entities.

According to the invoice, received from the supplier, LLC „Armonie” should decrease, normally, from collected VAT of 160 000 lei, that deductible VAT of 60 000 lei, reflected in the fiscal invoice received from supplier, i. e. the payment to the State should be only 160 000 lei. It follows that by purchasing pledged property, mortgaged property, sequestered and being declared in insolvency process, the buyer is obliged to pay in addition the VAT for such purchased goods.

According to the Ministry of Finance, implementation of reverse charge mechanism in the areas of supplies, made in Moldova, of pledged property, mortgaged property, sequestered and being declared in insolvency process, purpose an optimal collection of claims and a more rigorous control by the tax authorities. Given the fact that, these areas are subject to risks of fraud most often, to circumvent the tax would be simpler and even more profitable.

At this point, the American Chamber of Commerce in Moldova, in its address to the Governor of the National Bank, considers that the implementing of concept of reverse charge mechanism for supplies made in Moldova of pledged property, mortgaged property, sequestered and being declared in insolvency process is a revolutionary idea that requires a precautionary approach to both development stage mechanism and the stage of implementation of legal provisions and their application in practice.

Along with the potential benefit of revenue collection in the budget at chapter VAT, it is anticipated a number of significant costs expressed by economic and fiscal losses, resulting from delaying the revaluation process of pledge, increase of provisions, immobilization of additional financial resources that could have been injected into financing the real economy.

Therefore, it is considering premature the introduction of such innovations in the local tax system and the testing of reverse charge mechanism could be conducted under a pilot project, applicable only for supplies of sequestered property but unpledged and businesses property being declared in insolvency process. This would detect the legislative imperfections and non-compliance risks [9].

Along with the above remarks, the American Chamber of Commerce in Moldova presents a number of suggestions on the deficiencies of cited mechanism, such as:

„1. It is suggested applying the reverse charge mechanism only for deliveries of sequestered property in Moldova but not pledged and property of companies declared in insolvency process.

2. In the specialized literature the reverse charge mechanism is used by „simplified collection of VAT”. Usually, at application of the reverse charge mechanism (both participants registered as VAT payers) the buyer registers the amount of VAT, both as collected tax and as deductible tax, thus eliminating the settlements between participants and budget. The formula proposed by the author of the bill, to oblige the purchaser to pay separately the amount of delivery and the related VAT, is one that will discourage the purchase of such goods.

3. Eventually, at application of this mechanism in the case of sale of pledged property it is not clear the process regarding the obligation of paying the VAT if purchaser believes in good faith that there is no pledge (ex.: marketing pledged harvest) and there are circumstances in which virtue would have known about the existence of pledge”.

5. Conclusions

According to Romanian researcher Zaharia D., in the case of widening the spectrum of supplies and services for which the reverse charge is applied, the possibility of applying this mechanism can be very tempting for evaders, who will evaporate between intermediation chains. Amid falling sales, small and medium traders will be more willing to purchase goods from suppliers' phantom companies without documents.

Usually, these are newly established companies, which are losing after the due date of the debt to the budget, are not found at the headquarters declared on the documents, reflects fictitious payee on documents, unverifiable, or misleading information about them [15].

Of course, the reverse charge tax does not eliminate totally the frauds. Phantom companies can still interfere in the marketing chain, not in order to receive VAT illegally, but to large the margins of transactions, leading thus to inflate profits. It is true that the state collects taxes from these profits, just that they are not only a way of money laundering, their introducing in legal circuit.

REFERENCES

1. BĂLĂNESCU, R., BĂLĂNESCU, F., MOLDOVAN, E. Tax system/Sistemul de impozite. - Bucharest, Economică Publ. house, 1994, pp. 71-72.
2. BUCUR, V., ȚURCANU, V., GRAUR, A. Tax accounting/Contabilitatea impozitelor. – Ch.: ASEM, 2005. 562 p. ISBN 9975-78-438-0.
3. Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1). Available: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02006L0112-20130815&from=RO> (visited 14.03.2015).
4. Eighth Council Directive of 6 December 1979 on the harmonization of the laws of the Member States relating to turnover taxes — Arrangements for the refund of value added tax to taxable persons not established in the territory of the country (79/1072/EEC), Official Journal of the European Communities No L 331/11. Available: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31979L1072&from=en>, (visited 16.03.2015).
5. Council Directive 2010/23/EC of 16 March 2010 regarding the amendment of Directive 2006/112/EC on common system of value added tax / Directiva 2010/23/UE a Consiliului Uniunii Europene din 16 martie 2010 de modificare a Directivei 2006/112/CE privind sistemul comun al taxei pe valoarea adăugată. Available: http://discutii.mfinante.ro/static/10/Mfp/infotva/Directiva_23_2010.pdf (visited 23.03.2015).
6. Law no. 343 of 17 July 2006 regarding amendment and completion of Law no. 571/2003 on Tax Code / LEGE nr. 343 din 17 iulie 2006 pentru modificarea si completarea Legii nr. 571/2003 privind Codul fiscal. Available: http://contabilul.manager.ro/a/1367/lege-nr-343-din-17-iulie-2006-pentru-modificarea-si-completarea-legii-nr-571_2003-privind-codul-fiscal.ht.
7. EU legislation and jurisprudence on VAT “Info VAT” / Legislație și jurisprudență UE în domeniul TVA “Info TVA”. Available: <http://www.mfinante.ro/directiva.html?pagina=infotva> (visited 16.04.2015).
8. JURAVLE, V., VINTILĂ, G. Tax methods and techniques / Metode și tehnici fiscale. Available: <http://lopotenco.blog.com/files/2011/09/Metode-si-tehnici-fiscale-Curs-universitar.pdf> (visited 11.03.2015)
9. MALAIRĂU, M. American Chamber of Commerce in Moldova / AP „Camera de Comerț Americană din Moldova”. Available: [http://www.amcham.md/userfiles/file/2014/Aviz%20AmCham%20-%20MTI%20\(FINAL\)-BNM.pdf](http://www.amcham.md/userfiles/file/2014/Aviz%20AmCham%20-%20MTI%20(FINAL)-BNM.pdf) (visited 05.04.2015)
10. Informative note to the draft law on amending some legislative acts / Nota informativa la proiectul de lege cu privire la modificarea și completarea unor acte legislative. Available: http://particip.gov.md/public/documente/121/anexe/ro_1680_Nota-informativa.doc. (visited 12.04.2015)
11. Tax and customs policy objectives in the medium term 2015-2017/Obiectivele Politicii Fiscale și Vamale pe termen mediu 2015–2017. Available: <http://www.mf.gov.md/files/files/CBTM/CBTM%202015->

- 2017/sedinta%2025%20mart/Obiectivele%20politicii%20fiscale%20si%20vamale%202015-2017%2010%2003%202014.pdf (visited 21.03.2015)
12. Reverse taxation/Taxarea inversa. Available: <http://www.scribub.com/administratie/TAXAREA-INVERSA9599723.php> (visited 12.04.2015)
13. Tax Code of the Republic of Moldova. Available: <http://www.fisc.md/CodulfiscalalRM.aspx>. (visited 19.03.2015)
14. Thirteenth Council Directive of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes — Arrangements for the refund of value added tax to taxable persons not established in Community territory (86/560/EEC). Available: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31986L0560&from=EN>, (visited 14.04.2015)
15. ZAHARIA, D. The reverse charge, a new loophole for tax evaders / Taxarea inversă, o nouă portiță pentru evazionişti. Available: <http://www.capital.ro/taxarea-inversa-o-noua-portita-pentru-evazionisti-138316.html> (visited 07.04.2015)

Rezumat

De-a lungul existenței sale, taxa pe valoarea adăugată (TVA) a influențat negativ activitatea economică a entităților și situația financiară a populației, reprezentând în același timp o sursă considerabilă de venituri la bugetul de stat.

În legislația Uniunii Europene (UE) există Directive care codifică dispozițiile de punere în aplicare a sistemului comun privind TVA, ce se aplică producției și distribuirii de bunuri și servicii în vederea consumului în interiorul UE. Aceste Directive, emise la nivel comunitar, nu se aplică direct, fiind transpuse în legislația națională a fiecărui stat membru.

Una dintre prerogativele de aliniere a Republicii Moldova (RM) la UE este îmbunătățirea legislației acesteia în conformitate cu prevederile și condițiile impuse de UE.

În acest fel, primul pas pentru RM în cadrul perfecționării sistemului de impozitare în conformitate cu cerințele legislative ale UE este îndreptat spre armonizarea legislativă a TVA la condițiile standardelor europene. În legătură cu cele sus-menționate, acest articol reflectă unele mecanisme de impozitare cu TVA în țările europene și modalitățile de punere în aplicare a acestora în practica fiscală și contabilă a RM.

Cuvinte-cheie: taxa pe valoarea adăugată, procurări, vânzări, buget, taxare inversă, obligațiuni de achitare.

Аннотация

На протяжении своего существования, налог на добавленную стоимость (НДС) сказывался на хозяйственную деятельность субъектов и финансовое положение населения отрицательно, в то же самое время, представляя значительный источник доходов в государственный бюджет.

Законодательство Европейского Союза (ЕС) включает Директивы, т. е. кодирующие положения по реализации общей системы НДС, применяемой в производстве и распределении благ и услуг для потребления в рамках ЕС. Данные Директивы, разработанные на уровне союза, не применяются непосредственно, а транспонированы в национальное законодательство каждого государства-члена.

Одна из задач приближения Республики Молдова (РМ) к ЕС заключается в преобразовании её законодательства согласно положениям и условиям выдвигаемым ЕС.

Таким образом, первый шаг по совершенствованию налоговой системы РМ, согласно правовым требованиям ЕС, направлен на гармонизацию законодательства страны по НДС с европейскими стандартами. В данном контексте, статья включает рассмотрение некоторых механизмов налогообложения НДС в европейских странах и способов их внедрения в налоговую и бухгалтерскую практику РМ.

Ключевые слова: налог на добавленную стоимость, закупки, продажи, бюджет, обратное налогообложение, обязательства по оплате.

ECONOMIC FEATURES OF THE NOWADAYS NETWORK

Galina CARAGANCIU, PhD,

Trade Co-operative University of Moldova

E-mail: g.caraganciu@gmail.com

JEL classification: A1, B5, D4

Abstract

The people we interact with on a regular basis, and even some we interact with only sporadically, influence our beliefs, decisions and behaviors. Examples of the outcomes of the social networks on the economic activity are abundant and pervasive, and they include roles in transmitting information about jobs, new products, technologies, and political opinions.

In this paper the author aim to present terms and basic notions of economics of networks: the added value created by the Internet, economic concepts associated to the Internet (network effects, economies of scale, principle „Winner take all”, internet influence on the phenomenon of „Winner takes all”). These are to be presented as to understand what is a network good.

Keywords: *network effects; financial systems; network approach; internet added value.*

1. Introduction

All human activity is being based on cooperation. We can distinguish the following main areas:

1. personal and social life;
2. economic activity;
3. financial relations;
4. education dissemination of knowledge;
5. research development.

The people we interact with on a regular basis, and even some we interact with only sporadically, influence our beliefs, decisions and behaviors. Examples of the outcomes of the social networks on the economic activity are abundant and pervasive, and they include roles in transmitting information about jobs, new products, technologies, and political opinions.

In one part of the United States an experiment was conducted, the subjects were instructed to write a letter to a person in another part of the country [6, p. 2]. The subjects were told limited information about the target, such as the target's name and some information about where the target lived (but not an address). They were instructed then to send the letter to someone who might be able to forward it to someone with the purpose to reach the target. About a quarter of the letters reach their targets, with a median number of five links. This sort of result has also been followed up by many studies on larger data sets, across countries, and with more detailed analyses of what strategies people used in selecting whom they forwarded messages to.

The small average distances in networks have important involvements for things like diffusion and contagion. Connections within the financial world are varied. The dependencies between financial institutions stem from both the asset and the liability side of their balance sheet. The intricate

structure of linkages between financial institutions can be naturally captured by using a network representation of financial systems.

Within the context of financial systems, the nodes of the network represent financial institutions, while the links are created through mutual exposures between banks formed on the interbank market, by holding similar portfolio exposures or by sharing the same mass of depositors.

A network approach to financial systems is particularly important for assessing financial stability. It can be instrumental what externalities the risk associated with a single institution may create for the entire system.

Financial institutions are indirectly connected by having similar portfolio exposures. When they share the same mass of depositors, banks are connected in a network through the liability side of the balance sheet.

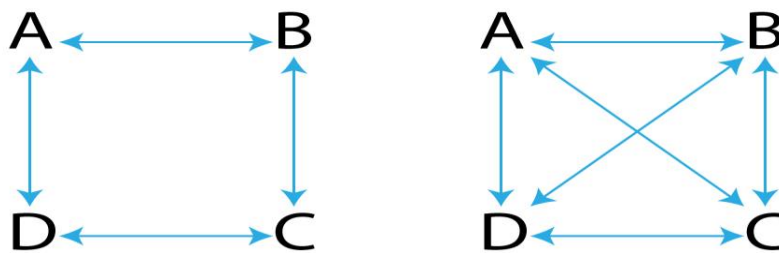


Figure 1: Correlation of the banks

As we can observe, case A is a less stable network. In case a bank collapses then the whole network will collapse.

In case B the network is more stable due to the fact that we have a third insurance that if a bank collapses the interconnectivity between banks will distribute the impact among all of the other banks.

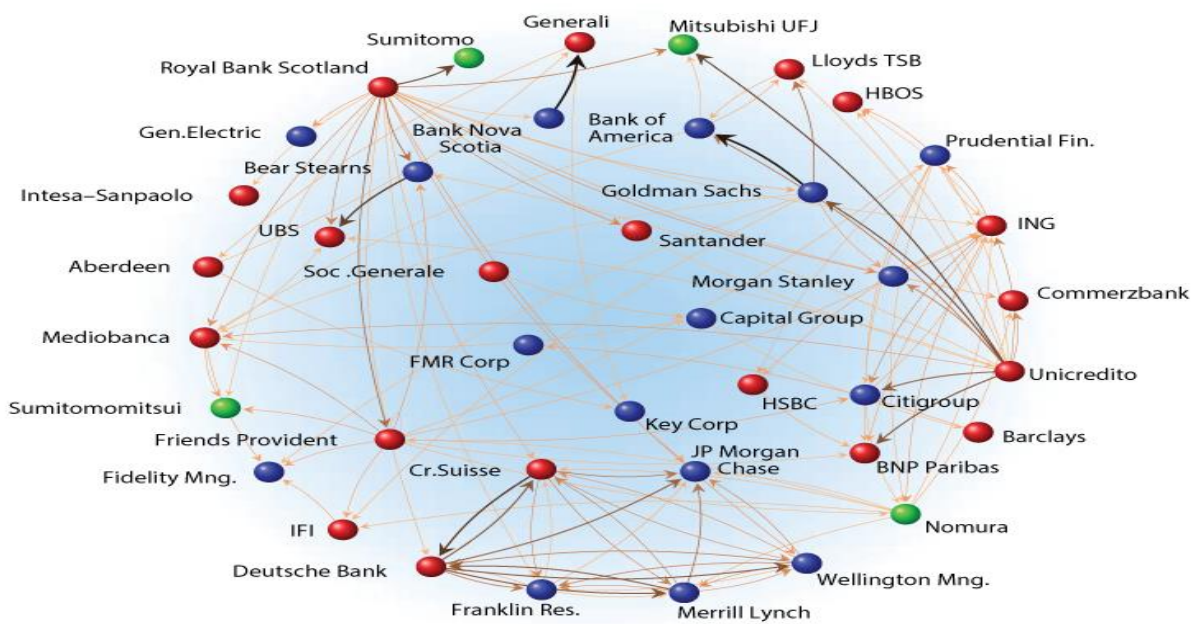


Figure 2: Sample international financial network

On the previous scheme [2, p. 5] we have a sample of the international financial network. Nodes represent major financial institutions and the links are the strongest existing relations among them. Vertex colors express different geographical areas: European Union members (red), North America (blue), other countries (green).

The diagram shows a dense connectivity among the financial institutions. There are mutual loops involving multiple nodes. This indicates that the financial sector is highly interdependent. That might affect market competition, increase systemic risk and make the network vulnerable to instability.

The Internet presents the possibility of a radical reversal of this long trend. It is the first modern communication medium that expands its arrow by decentralizing the distribution function. Much of the physical capital that embeds the intelligence in the network is being diffused and owned by end users.

We call the combination of these two trends-the radical decentralization of intelligence in our communications network and the centrality of information, knowledge, culture, and ideas to advanced economic activity-the *networked information economy* [5, p. 5].

Network effects are present when a product becomes more useful to consumers, if the more other people are using it. For example, the owner of a fax machine benefits from the fact that there are lots of other people with fax machines. If there were no other users of fax machines you couldn't send a fax to anyone.

Note that there not necessary be anything particularly high-tech about network effects. Automobile owners benefit from having a ready supply of parts and mechanics that make it easier to have their cars repaired should they break down [3].

The more units are of a particular automobile model, the more likely that any single owner can find such repair facilities. Therefore, to the extent that consumers value the ease of repair, automobiles should have network effects.

Each additional user increases the utility of the network for the others. Therefore, the demand curve for the benefits of network has a completely different look than for usual goods. Willingness to pay increases as the number of new members connected to the network is bigger.

Almost all manufacturing exhibits some economies of scale. But usually, at some point, these economies tend to run out and are superseded by other components of production costs that raise the average cost of production as output increases.

When a software product is developed, for example, the total cost of development is a fixed cost that does not depend on whether ten or ten million units are actually sold. The costs of duplicating, shipping, and servicing units that eventually land in the hands of consumers are often considered to be close to zero [4, p. 3].

The cost structure of network assets differs from that of ordinary goods. The main part of the cost falls on the initial period of production. Subsequent copying costs are negligible as compared to the cost of the original.

The effects of scale for ordinary goods are gradual and linear; networks increases value exponentially.

The effects of scale for ordinary goods are result reached by one big company. The network allows multiple users to obtain a significant increase in usefulness, and only the multitude participating of businesses create economies of scale [4].

2. The degree of investigation of the problem currently, and purpose of research

The internet is a rather popular topic among the researchers, due to the fact that it is yet unclear the extent to which it is different from the physical market. One of the best ways to describe the web is via the economics of networks, due to the importance of connection in the description of this market. The connections for the web play a crucial role in the understanding of the way linkages are created. The majority of the researchers however, prefer to refer to the web only as the e-commerce segment, but the segments of the web are much more diversified than this.

The purpose of this research is to present the economics of networks approach toward different subjects, as well as the internet itself, and to show the advantages of using economics of networks for research purposes in different fields. Due to the fact that networks show an interconnected economy and phenomena, these can be used to more precisely and lively illustrate a market, or a resilience of a banking system etc. Another aim of this paper, is to present the added value created by the internet to the nowadays economy, such as diminished costs of economy of scale, the appearance of a phenomenon called „network goods”.

3. Methods and techniques applied

One of the main research methods used is the analytical method. This method includes the analysis of literature reviewed by the author in order to give the reader a full idea of the development of the field. Another method used by the author is inferring the ideas developed from observation of the real market phenomena and extrapolating them to theories about the internet and the network aspects.

4. The added value created by the Internet

Internet creates value by reducing transmission costs of Information. The methods and speed of information dissemination hold an important position in economy. These issues demonstrate supremacy of the Internet upon previous technologies used to reduce the costs of spreading information. The first means of transmitting information were: travel pigeons, postal letters that were in written form and presented low speed transmission disadvantage.

Later came other quicker but limited modes of information transmission: Morse code and the telegraph exactly, but they had many disadvantages. They were not accessible to everyone and at the same time assumed special places designed for sending and receiving the message, which means increasing costs.

A new innovation in communications accessible to more people was the phone which involved lower cost of message delivery and the shorter time of transmission. This feature has spread more difficult because new infrastructure should be implemented to operate the system. Even with this impediment, telephony communications significantly changed previous modalities. Subsequently,

radio and television have had a different impact on communications due to transmission of information in only one way direction.

All they needed an infrastructure of increasing complexity so that technological evolution has led to the emergence of the Internet. Mostly, it is based on the same mechanisms of information transmission as television or telephone, so, at that time, the existing infrastructure only required development. Being a combination of television and telephone, the Internet brings many advantages. Individuals can enter a virtual environment for information, socializing, fun and relaxation.

Over time they have created numerous social media (Facebook, Hi5, and Twitter), blogs etc. We may say that the Internet is a combination of newspaper and telephone.

5. Network effects

A phenomenon where a good or service becomes more valuable when more people use it can be associated with the network effect. The Internet is a good example. The more users have access to the Internet, there are several web sites that could be visited and more people to communicate.

Therefore, network effects occur when the value of a product increases by increasing the number of users of the same product. This phenomenon is named by economists the network externality, in the sense that additional consumers increase the existing external network benefits for consumers.

The decline of social network „classmates” - which lost over the summer about 20% of traffic - in favor of new networks such as Facebook or Twitter – is explained by the network effect. Other examples of products are fax and phone that meet major benefits with their use by more people. The effects of the network can be identified on the Microsoft Office products such as Word or even cars - the more people have a certain brand of car, the easier and more inexpensive is to repair it.

The net effect is based on accelerating the circulation of information on explosive gain information flow, facilitating communication act, and the network capacity to assimilate, to multiply, and to influence, to change the philosophy of social relations.

In most cases, the network effect is associated with positive network externalities, but also may happen the negative externalities – overcrowded network. An example of this would be phone lines crowded during holidays. It is assumed that many products and companies associated with the Internet present an economic feature called the network effect.

6. Economies of scale

The economy of scale is an economic principle that the average cost (unit) of a product decreases with the increasing number of units manufactured. Many high-tech products show significant economies of scale due to the high costs required during their launching and incredible low cost for their multiplication. In such a way the economies of scale present much more value for Internet associated products.

Principle „Winner take all”.

It is obvious that when the effects of the network are issued, presenting an extensive network companies have an advantage over those characterized by small network. Considering that other factors are the same in both cases, consumers would tend to pay more to join the largest network. This is due to the fact that large networks, by definition, have stronger network effects. In this situation, you may notice increased profitability of large networks in relation to profitability of smaller networks. [7]

This advantage - the biggest rules over the lowest – refers to the principle of „winner takes all”, although consumers tend to have different tastes, and market shares are almost never 100%. Nowadays the preferred term is „winner-take-most” as long as market quotas never are 100%.

However, there may be cases where the effects of the network foster characteristics „winner takes all”. The software industry falls under this specification. A good example of the principle of „winner takes all” is Google offering the most popular online search engine. It is clearly known by competitors that Google has a strong network effect, which prevents them to seize market share. For example, once an application has been created, it can be made available for users almost immediately via the Internet and for an unlimited number of users at a cost that is almost insignificant.

Internet influence on the phenomenon of „Winner takes all”.

Many computer components, such as software or processors tend to have specific characteristics associated with the phenomenon of „winner-take-all”. For example we have as dominant products:

- Windows
- Excel spreadsheet.

It is believed that companies whose business is based on using Internet have this characteristic, because technology is a very dynamic field.

It is generally considered that most businesses operating on the Internet tend to be the topic of the network effect, because the Internet itself is a network.

The economy of networks presents a new phase of emerging development. The features of that economy are important to be understood for doing successful business.

7. Conclusions

Finally we can say that the Internet has clear evolution over radio or television in terms of infrastructure equipment that requires new transmitters and receivers.

Internet performs two-way transmission of information, which is not very revolutionary, because television, radio and phone together could do the same. What is really revolutionary advent of the Internet is the ability to quickly retrieve information stored on computers, phones and TVs using one device and at the same time.

All along, the Internet offers a new experience through two-way communication combining telephony with television and display information storage capacity calculus system.

The Internet is a benefit in any field. The companies are using online to attract customers (advertisers) to its present or sell products. Customers can search for the most suitable product

according to need, price and features. All these by using a computer, smartphone, laptop etc. connected to the Internet.

In terms of business environment, it may suffer from activity on the Internet in that they no longer benefit from the monopoly to be physically close to the consumer. Also the trade margins applied by different companies may not differ too much as long as the consumer will always be able to compare prices from different companies just with a mouse click.

Doing business on the Internet does not necessarily mean that their offer features „winner take all”.

The internet has drastically changed the means of responsiveness and doing business, due to the speed of information transmission as well as the speed of the transmission of feedback to that certain information. However, the network itself has created means for appearance of a certain type of goods, known as the network goods, that otherwise would not be possible.

The „winner takes all” principle is a principle that doesn't benefit all companies operating on the internet, as already stated. This is due to the so-called locking mechanism, the weak lock in and the strong lock in. These principles consist of users according a higher value to the most used product in a certain network, basically speaking.

As a conclusion we would like to state that this paper, although theoretical, poses an importance for further exposure of the importance of economics of networks for modeling and studying the nowadays, all so growing digital economy.

REFERENCES

1. EASLEY D., KLEINBERG, J. Networks, Crowds, and Markets: Reasoning about a Highly Connected World, 2010. 833 p. ISBN: 9780521195331.
2. ALLEN F., BABUS, A. Networks in Finance, 2008. 20 p. Available: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1094883 (visited 25.04.2015)
3. GALLAUGHER J. M. Understanding Network Effects, 2008. 16 p. Available: <http://www.gallaugh.com/Network%20Effects%20Chapter.pdf>
4. KELLY, K. New Rules for the New Economy. Ten Radical Strategies for a Connected World, K. Kelly. — N.Y.: Penguin Books, 1998. 191 p. ISBN 0-670-88111-2. Available: <http://kk.org/mt-files/books-mt/KevinKelly-NewRules-withads.pdf>
5. JACKSON M. O. An Overview of Social Networks and Economic, 2010. 96 p. Available: <http://web.stanford.edu/~jacksonm/socialnetecon-chapter.pdf>
6. MILGRAM, S. The small world problem, Psychology today 2.1, 1967, pp. 60-67.
7. LIEBOWITZ, L. Re-thinking the Networked Economy: The True Forces Driving the Digital Marketplace, 2002. Available: <http://www.amazon.com/Re-Thinking-Network-Economy-Digital-Marketplace/dp/0814406491>
8. BENKLER, Y. Freedom in the commons: towards a political economy of information, 52 Duke Law Journal, Vol. 52, 2003, pp. 1245-1276.

Rezumat

Oamenii, cu care interacționăm în mod regulat sau chiar doar episodic, influențează convingerile noastre, deciziile și comportamentul. Exemple de influență a rețelelor sociale asupra activității economice sunt variate și pretutindeni, acestea îndeplinesc rolul de furnizor al informațiilor cu privire la locurile de muncă, noile produse, tehnologii și opinii politice.

În această lucrare autorul își fixează scopul prezentării termenilor și noțiunilor de bază ale economiei de rețele: valoarea adăugată creată în Internet, conceptele economice asociate Internet-ului (efectele de rețea, economiile de scară, principiul „Cîștigătorul ia totul”, influența Internet-ului asupra fenomenului „Cîștigătorul ia totul”). Acestea vor fi prezentate pentru a înțelege ceea ce este o rețea bună.

Cuvinte-cheie: efectele de rețea; sistemele financiare; abordare de rețea; valoarea adăugată creată în Internet.

Аннотация

Люди, с которыми мы взаимодействуем регулярно или только эпизодически, влияют на наши убеждения, решения и поведение. Примеры влияния социальных сетей на экономическую деятельность в изобилии и повсюду, они выполняют роль передатчика информации о рабочих местах, новых продуктах, технологиях и политических взглядах.

В данной статье автор ставит себе цель раскрыть содержание основных понятий и определений экономики сетей: добавленная стоимость созданная в Интернете; экономические концепции ассоциируемые с Интернетом (сетевые эффекты, эффект масштаба, принцип „Победитель получает все”, влияние Интернета на феномен „Победитель получает все”). Они будут представлены для понимания, что означает хорошая сеть.

Ключевые слова: сетевые эффекты; финансовые системы; сетевой подход; добавленная стоимость созданная в Интернете.

ACCOUNTING TREATMENT OF FINANCIAL DEBTS

Viorica FULGA, Assoc. Prof., PhD,
Trade Co-operative University of Moldova
E-mail: fulga_v@mail.ru

Elena PARPULOV, Lecturer,
Trade Co-operative University of Moldova
E-mail: elena.pv08@gmail.com

Valentina ARNAUT, Accountant-economist,
Central Union of Consumer Cooperatives Republic of Moldova (MOLDCOOP),
Department of finance and economical information
E-mail: valentina2arnaut@gmail.com

JEL classification: M41

Abstract

In a market economy companies require major resources to ensure the continuity of their economic activity, along with funding the development projects, investments etc. The periodical deficiency of their own financial resources involves to the companies a high demand on borrowed funds. Thus, accounting for the financial debts presents an important accounting sector with a controversial evolutionary methodology, which is based on the exact regulation of the processing procedure and delivery of the resulting information to various users, at the same time correlated to the trends of global processes and events.

The article examines the evolution of the financial debts recording in the accounting, according to both the international and the local legal norms in Republic of Moldova through comparative analyses; highlighting the changes in the logic of accounting and identifying the advantages and disadvantages of certain accounting procedures. The subjects of the study are the concepts, the financial debt structure, the borrowing costs, and the accounts for the synthetic records of financial liabilities of the accounting cycle.

Keywords: *accounting, financial debts, normative acts, accountants.*

1. Introduction

Accounting is a part of the special economic sciences and activities. It is characterised by a strict regulation of the processing procedure and the presentation of accounting information to local and external users with direct and indirect financial interest.

Standardization of accounting activity is prescribed by specific legal requirements based on: Law on accounting [5], National Accounting Standards (NAS) [10] or Financial Reporting Standards (IFRS) [4] and Chart (Plan) of accounts [9].

According to the „Law on accounting”, no. 113-XVI of April 27, 2007, regulation of accounting in Moldova includes:

- a) providing normative and unique application requirements for accounting and financial reporting entities, regardless of the type of economic activity;

- b) compliance of the requirements of NAS, NASPS or methodological norms approved by the Ministry of Finance for the economic development sector of the country and the requirements of users of financial statements;
- c) enabling the unique application of accounting standards including IFRS, or the methodological norms approved by the Ministry of Finance for the public sector;
- d) establishment of the accounting standards and the financial reporting for small business entities;
- e) establishment of the requirements for the compliance with accounting rules and financial reporting.

Moreover, accounting, as economical science, records the evolutionary changes of its own methodology, matched to the trends of global processes and events. These methodological changes must record the favourable effects of each accounting element of the accounting cycle.

Currently the borrowed capital represents a significant additional source for performing the common activity of any economic agent, for the development, and for the business expansion. The important accounting elements such as financial debts and the expenses/costs go through a significant accounting cycle, the detailed analysis of which is presented in the following. In addition we studied the problems, both the advantages and the disadvantages recorded for the general and conceptual procedures, along with the normative regulation and the accounting cycle of the financial debts, in both the evolutionary relations and the effect of the recent implementation of new accounting laws.

2. Current level of understanding the problem, the purpose of research

Accounting for financial debts is an important accounting sector with controversial methodologies. Actuality of the studied problem emphasised with the transition to the market economy, for the reason that the efficient development of such an economy cannot be achieved without attraction of external funding.

In accordance with the „Concept of Accounting Reform”, approved by Government Decision no. 1187 of December 24, 1997, since January 1, 1998, the „Conceptual basics of preparing and submitting financial reports” [2], NAS [6], the „Comments on the applicability of NAS (CNAS)” and the „Chart of accounts” [11] took effect. All these mainly correspond to the EU Directives, IFRS, as well as to the economic development level of the local entities. The analysed accounting sector was regulated by the NAS 23 requirements: „Loan expenses”, CNAS 23 „Loan expenses” and NAS 17 „Rent accounting”.

Since 2000 the accounting reforms did not practically continue caused by the lack of funding. However, during that period, various national and international changes have occurred, which have evolved towards new requirements on both the accounting methodology and financial reporting. Therefore, the originally implemented NAS and other regulations lost their relevance and the compliance to EU Directives and IFRS.

An unified set of NAS was optionally introduced as from January 1, 2014 and mandatory from January 1, 2015 in order to ensure a relevant degree of veracity of the financial reports (statements) along with the abolition of the one existing before. Simultaneously, the Chart of accounts was modified.

During the process of transition to and the application of the new NAS it is important to take into account the following issues:

- 1) comments and examples of the new NAS and other accounting regulations have no exhaustive character, but only explain some typical situations on the recognition, measurement and accounting of accounting elements;
- 2) the terminology used in the new accounting regulations and NAS is taken from the EU directives and IFRS.

The above-mentioned issues are the subject of our research, which is the analysis and the improvement of the accounting methodology of and financial debts, straightforwardly derived from the evolutionary changes of the legislation and accounting judgement.

3. Materials and methods

Accounting for financial debts was addressed through the comparative analysis of accounting regulations. The research includes studying the evolution of accounting methodology of financial debts in terms of accounting reform, integration into and the gradual alignment to international standards in this area. The goal was achieved by the usage of the basic investigative tools such as: analysis, synthesis, comparison, observation, accounting, etc. In addition, critically were analysed the regulations of national and international accounting standards. In the Republic of Moldova, various scientists studied the general features of the accounting for financial debts. Thus, essential contributions in the evolution of accounting thinking of the analysed sector were performed and published by the following authors: Bucur V., Nedeiță A., Tostogan P., Graur A. [1, 3, 8].

4. Results and discussions

In a market economy, accounting judiciously and strictly provides the objective, honest and ordered information through financial statements to all user groups such as: suppliers, employees, owners, company's investors, creditors, shareholders, stock values, tax service and other state organizations.

The purpose of accounting science is the continuous modification of the information processing methodology for each affiliated element in order to adjust the effective managerial and other decisions, as well as the effective management of the available resources. In the following we analyse some problematic issues related to the financial liabilities.

4.1. Modification of legislative framework

Table 1: Normative regulation of accounting for financial debts

Basic elements	NAS (01.01.1998-01.01.2015) [6, 7]		NAS (optional from 01.01.2014, compulsory from 01.01.2015) [10]	
	basic	additional	basic	additional
Normative regulations	NAS 23 „Loan expenses”, CNAS 23 „Loan expenses”, NAS 17 „Rent accounting”.	NAS 1 „Accounting Policy”, NAS 3 „Composition of enterprise costs and expenditures”,	NAS „Equity and debts”, NAS „Borrowing costs”, NAS „Lease”.	NAS „Accounting policies, changes in accounting estimates and errors, subsequent events”, NAS

		NAS 13 „Accounting for non-material assets”, NAS 16 „Accounting for long term material assets”, NAS 21 „The effects of the exchange rates variations”, NAS 5 „Presentation of financial reports” etc.		„Expenses”, NAS „Intangible and tangible assets”, NAS „Exchange rate and sum differences”, NAS „Presentation of financial statements” etc.
--	--	--	--	---

Source: proposed by authors based on normative acts

We certify that there have been favorable changes in the regulatory basis of recording the financial debts. Currently the financial debts accounting, in Moldova, is regulated by the „Equity and debts” of NAS provisions. This basic standard is developed under EU Directives, Conceptual Framework for Financial Reporting, IAS 19 „Employee benefits”, IAS 20 „Accounting for government grants and disclosure of government assistance” and IAS 37 „Provisions, contingent liabilities and contingent assets”.

However, by analyzing other basic laws, one may reveal that the definitions have changed, the economy language NAS 23 „Loan expenses”, NAS 17 „Rent accounting”. As regulating drawbacks, for accountants, might consist of exclusion of the numbering standards and, above all, the removal of the subordinate system of normalization – the removal of the comments from NAS. This does not contribute to the completeness of accounting legal system.

Some accounting specialists can question the modifications’ equity in definitions of the new National Accounting Standards. What is in essence the leasing, the lease, the rent? What is the cost and the expense? An accountant takes all these aspects in a logical, conceptual, methodical way.

4.2. Modifications in the general conceptual handling of financial liabilities

Each affiliated element is involved in the accounting cycle [5] comprising:

- primary documents’ recording and their compilation;
- recognition and assessment of accounting elements;
- accounting information inclusion in the accounts;
- preparation of the accounting records;
- the accounting inventory;
- preparation of the trial balance, of the ledger (Big Book), and the financial statements.

One of the main step in the accounting cycle is the assets recognition, which is impossible without the awareness of the form and content of each accounting element.

Traditionally, debts were accountedly designated as foreign sources of financing the enterprise’s assets and as payment commitments of the enterprise to suppliers, for goods purchased and services rendered, as well as commitments to staff on payment, to the state on taxation, to other corporate and individual subjects [3, p. 361]. Liabilities are recorded from previous transactions or events that result from contracts or legislation requirements (examples: the purchase of goods and services with subsequent clearing, the bank loans acquisition, the tax calculation, etc.) [2].

Previously the debt concept was covered superficially and was only a backup in the accounting regulatory basis. One considers that:

- the main feature of a debt is that the enterprise is obliged to act as mutually agreed,
- the liabilities are the result of previous transactions or events.

Today, with introduction of the new NAS and their compulsory usage from January 1, 2015, the conceptual handling of the problem was solved. Simultaneously this accounting element was legally defined as current obligations of the entity, which arise from previous economical doings and whose settlement is expected to result in a resource diminishing that includes economical benefits [10]. Moreover, one should note that the conceptual definition of the debt types, including the financial ones, is missing and presents a crucial omission for specialists.

Financial liabilities include the liabilities associated with the usage of the borrowed capital. Previously as borrowed capital were seen the bank loans as well as the loans in local and foreign currency received by the company from other individuals or legal entities, on a fixed term and for a certain interest [6; 7; 3, p. 363]. Nowadays the financial liabilities [10] include the liabilities related to:

- 1) credits and loans received for a specified period and for a certain interest or for free;
- 2) assets received in financial leasing etc.

This change highlights the normative superiority of the logical thinking and the evolution of financial liabilities and accounting methodology, thus, allowing us to define the financial liabilities:

Financial liabilities are the obligations of the entity arising from the economical doings prior to loans, as well as the loans received to assure the enterprise's activity and the assets received in financial leasing.

Financial debt accounting methodology has been also improved in the recognition of accounting elements area. In The Conceptual bases of preparation and delivery of financial statements [2] the recognition of property items was generally addressed for all items that matched the item definition in the financial report to be active or passive. Accounting element had to be documented when:

- a) any possible economic advantage for the post might be obtained at the enterprise or might leave it;
- b) the post has a value that can be measured with high accuracy.

The local researchers [3, p. 362] indicated that the debts can be established and can be included in the balance sheet in cases when the following conditions are met:

- a) the probability exists that the assets will diminish, cash and other own assets which bear economic benefits,
- b) the amount of debts can be accurately assessed.

The NAS's „Equity and debts” specifies that the debts are recognized in accrual basis when:

- 1) it is certain that the debts settlement will result in an outflow of resources leading to economic benefits;
- 2) the amount of debt can be measured reliably.

We consider that the last regulation should be extended with the basic criterion to identify the sheet element namely - the legal basis for recognizing the current obligations of the entity which arise from the previous economic activity.

An essential part of financial debts is the liability connected to the temporary usage of foreign sources. The Borrowing Costs, previously named as loan expenses, identify the opposite element of double-entry accounting of debts, aroused as a result of using the borrowed sources (Figure 1).

NAS 23 „Loan expenses”	NAS „Borrowing costs”	IAS 23 „Borrowing costs”
Loan expenses - expenses for interest payment and / or other expenses incurred by the company in connection to the receipt of borrowed loans.	Borrowing costs - interest and other costs related to the received loans and financial lease.	Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Figure 1: Conceptual definition of the payment due to managing foreign sources

Source: proposed by the authors based on normative acts

One should note that in NAS, compulsory as from January 1, 2015, modifications have occurred to adjust to the international regulations. NAS's „Borrowing costs” has been developed based on NAS 23 „Loan expenses” adjustment information in accordance with EU Directives and IAS 23 „Borrowing costs”. Basically the definition of payments born to attract foreign financial sources has not been changed. Moreover, we want to stress on the more precise formulation of NAS's borrowing costs: „Borrowing costs” vs IAS 23 „Borrowing costs”, which expresses the deep understanding of the composition and nature of these expenditures by local experts.

Borrowing costs include various elements. Table 2 comprises the evolution of this accounting element.

By analyzing temporal changes in the composition of expenditure / costs for borrowed capital in local and international normative acts, we have found the following:

- NAS 23 „Loan expenses” and IAS 23 „Borrowing costs” contained the same elements on a specific date, but with economic terms differently defined;
- at its implementation at January 1, 2015, the NAS's „Borrowing costs” and NAS's „Expenses”, the international normative act has undergone conceptual changes: the following items were excluded: (b) amortization of discount or of the premiums on loans and (c) amortization of ancillary costs made to obtain loans, which shows the presence of a regulatory disagreement;
- NAS's „Borrowing costs” and the Annex 4 to the NAS's „Expenses” contain specific accounting approaches that are not included in IAS 23 „Borrowing costs”, referring to the differences on borrowings amount to the extent that they are regarded as an adjustment to the interest costs, confirming the continuous improvement of accounting methodology;
- bank overdraft was excluded from regulations.

Table 2: Composition of expenses/costs associated with the borrowed capital

Normative act	NAS 23 „Loan expenses”	NAS „Borrowing costs”	NAS „Expenses” (Annex 4)	IAS 23 „Borrowing costs”
Basic elements	a) interest rates on short- and long-term loans, including bank overdraft; b) amortization of discount or of the premiums on loans; c) amortization of other expenses related to receiving loans; d) financial payments related to finance leases in accordance with NAS 17 „Rent accounting”; e) exchange rate differences occurred in the loans in foreign currency, which are considered as corrections to the expenses due to interest payments.	1) the interest on loans; 2) the additional loan costs (consulting services, banking commission, etc.); 3) financial lease interests recognized in accordance with NAS’s „Contracts of leasing (Leases)”; 4) exchange rate and amount differences related to loans as long as they are considered an adjustment to the expenses by the interest; 5) amortization amounts of the premiums for the bonds issued, etc.	1) the interest expenses on bank loans (including bonds and promissory notes issued) and financial lease contracts which are not capitalized in accordance with the NAS’s „Borrowing costs”, as well as bank loans and compromised (expired) loans and the paid loans of subsidiaries, associated entities and daughters; 2) charges related to contraction of bank credits and loans; 3) expenses of amortization of premiums for bonds issued; 4) other expenses related to activities of attraction of borrowed sources.	a) interest expense calculated using the effective interest method as described in IAS 39 Financial Instruments: Recognition and Measurement; b) [deleted]; c) [deleted]; d) finance charges in respect of finance leases recognized in accordance with IAS 17 Leases; and e) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Source: proposed by the authors based on normative acts

4.3. The modification to the chart of accounts in respect to the synthetic evidence of the financial debts

Changes in accounting regulations have prompted the need to review the chart of accounts. Figure 2 summarizes the changes in the accounts linked to the recording of the financial debts.

For information provision to the financial debt accounting cycle four categories of accounts for synthetic record are provided:

- 1) long-term financial debts;
- 2) short-term financial debt / current;
- 3) expenses / costs for borrowed capital;
- 4) income from borrowed capital.

In the general chart of accounts, optionally applied in Republic of Moldova as from January 1, 2014 and compulsory as from January 1, 2015 to the chart of accounts of financial-economic activity of an enterprise, there have been a number of changes to the content, ordering, and designation.

From the chart of accounts used during 01.01.1998 - 01.01.2015 there were excluded the accounts designed for generalization of information on bank loans for long-term employees 412 „Long term bank loans for employees” and 512 „Short-term bank loans for employees”. Account 421 „Short – term lease debt”, previously located in computed debt group, was reasonably moved to the group of financial liabilities, being renamed and objectively recoded as required by the new regulations 413 „Long-term Finance lease debts”. To the group of analyzed debts new debt accounts were

added: 414 „Long term debts on saving deposits by members of saving and loan associations”, 513 „Short term debts on saving deposits by members of saving and loan associations”.

Chart of Accounts 01.01.1998-01.01.2015	Chart of Accounts optional from 01.01.2014 compulsory from 01.01.2015
Long-term financial debts	
411 „Long term bank loans”	411 „Long term bank loans”
412 „Long term bank loans for employees”	<i>Excluded</i>
413 „Long term loans”	412 „Long term loans”
<i>There is analog in group of accrued debts</i>	413 „Long term debts related to the financial lease”
421 „Long term debt leasing”	
414 „Other long term financial debts”	<i>No analog</i>
<i>No analog</i>	414 „Long term debts on saving deposits by members of saving and loan associations”
Short term (current) financial debts	
Short term financial debts	Current financial debts
511 „Short term bank loans”	511 „Short term bank loans”
512 „Short term bank loans for employees”	<i>Excluded</i>
513 „Short term loans”	512 „Short term loans”
<i>No analog</i>	513 „Short term debts on saving deposits by members of saving and loan associations”
514 „Current share (quota) of the long term debts”	<i>No analog</i>
516 „Other short term financial debts”	<i>No analog</i>
515 „Anticipated current earnings”	<i>Transferred to the group of accrued debts</i> 535 „Anticipated current earnings”
<i>No analog</i>	5413 „Preliminary financial lease debts”
Expenses / costs of borrowed capital	
<i>Loan expenses-the recommended approach by NAS 23 „Loan expenses”</i>	<i>Borrowed costs settled to current expenditure</i>
7145 „Interest charges for loans and borrowings”	7143 „Interest charges”
<i>Loan expenses - accepted alternative approach</i>	<i>Capitalized borrowed costs</i>
112 „Non-material assets in progress”	111 „Intangible assets in progress”
121 „Material assets in progress”	121 „Tangible assets in progress”
<i>No analog</i>	151 „Investment property”
7223 „Expenditure on exchange rate differences”	7221 „Expenses from foreign exchange rate differences”
<i>No analog</i>	7222 „Expenses on sum differences”
7222 „Expenditure on financed rent of long-term tangible assets”	7143 „Expenditure on interests”
Income borrowed capital	
6223 „Income from foreign exchange rate differences”	6221 „Income from foreign exchange rate differences”
<i>No analog</i>	6222 „Income from sum differences”

Figure 2: Accounts for synthetic evidence of accounting cycle of financial debts

Source: proposed by the authors based on normative acts

Under the new regulations, the financial leasing interest, which was correctly accounted on account 7222 „Expenditure on the financed rent of long-term tangible assets” is now included in 7143 „Expenditure on interests”. Under this account there are accounted all interests including the ones for credits and loans, whose synthetic records were previously kept in a separate account of the second order 7145 „Expenditure on interest rates for credits and loans”. In our view the interest rates, as financial element, has rationally to be accounted at the financial expenses account.

The emergence of the new second order accounts 7222 „Expenditure on sum differences” and 6222 „Income from sum differences” emphasizes the role of foreign funds in the national economy, at the same time loading the accounting work by additional operations and increases the processing time of the economic operations. Only the time and their effect on the financial situation of a company will answer the question how justified was their usage.

5 . Conclusions

Accounting as a science and practical activity is dependent on the quality of legal norms in the field. The regulation affects accounting accurate reflection of economic events within an economic entity and the effect of the data provided by accounting on the managerial decisions. Everything is in constant motion and transformation, which is also true for the accounting methodology. It is considered that the new laws are superior to the previous ones, but there are many questions marks on the new terminology, on the logic of economical phenomena interpretation, as well as on the quality of accounting treatments and on the methodological normative acts.

Accounting reforms continue, along with which continue the theory to differentiate from the practice. Improving of the accounting methodology is possible only through communication, dialogue with professionals who expect clarity, simplicity, logic in the information processing. Also accounting normative acts must be more explicit, indicating the goal of the methodical process and the expected effect of its usage. These judgments also refer to the international legal acts.

REFERENCES

1. BUCUR, V., ȚURCANU, V., GRAUR, A. Tax accounting. – Ch.: ASEM, 2005. 562 p. ISBN 9975-78-438-0.
2. Conceptual basis of preparation and presentation of financial reports approved by order Ministry of Finance of Republic of Moldova no. 174 of 25.12.1997. Monitorul Oficial journal, Republic of Moldova, no. 88-91 of 30.12.1997.
3. Financial accounting – coordinating by Nederita A.- edition II, reviewed and completed. – Ch.: ACAP, 2003. 640. p. ISBN 9975-9702-1-4.
4. International Financial Reporting Standards (IFRS) ...: Including International Accounting Standards (IAS) and their interpretations on January 1. 2007 / Com Foundation. Intern. Accounting Standards (IASCF). - Ch.: S. n., 2008 (EF-P. „Central Tipography”). ... 2007, 2008. 736 p. ISBN 978-9975-78-704-8.
5. Law on accounting, no. 113-XVI of 27.04.2007. Monitorul Oficial journal, Republic of Moldova, no. 90-93 of 29.06.2007.
6. National Accounting Standards, approved by order of the Ministry of Finance of Republic of Moldova no. 174 of 25.12.1997. Monitorul Oficial journal, Republic of Moldova, no. 88-91 of 30.12.1997.
7. National Accounting Standards, approved by order Ministry of Finance of Republic of Moldova no. 6 of 29.01.1999. Monitorul Oficial journal, Republic of Moldova, no. 35-38 of 15.04.1999.
8. NEDERIȚA, A. Correspondence of accountants (according to N.A.S. and Tax Code). – Ch.: Accounting and audit, 2007. 640 p. ISBN 978-9975-9546-4-8

9. Plan no. 1534 of 22.10.2013. Ministry of Finance of the Republic of Moldova. Monitorul Oficial journal, Republic of Moldova, no. 233-237 of 22.10.2013.
10. Standard no. 1533 of 22.10.2013. Ministry of Finance of the Republic of Moldova. Monitorul Oficial journal, Republic of Moldova, no. 233-237 of 22.10.2013.
11. The accountants chart of financial and economical activity of the enterprise, approved by order Ministry of Finance of Republic of Moldova no. 174 of 25.12.1997. Monitorul Oficial journal, Republic of Moldova, no. 93-96 of 30.12.1997.

Rezumat

În condițiile economiei de piață întreprinderile au nevoie de resurse majore pentru asigurarea continuității activității economice, finanțarea unor proiecte de dezvoltare, investiții etc. Insuficiența periodică a surselor proprii de finanțare impune o cerere mare a întreprinderii privind resursele împrumutate. Contabilitatea datoriilor financiare prezintă un sector contabil important cu o metodologie evolutivă controversată, bazată pe o reglementare strictă a procedurii de prelucrare și prezentare a informației contabile utilizatorilor, coordonată totodată cu tendințele globalizării proceselor și fenomenelor.

În articol se analizează evoluția înregistrării datoriilor financiare în contabilitate conform normelor legale pe teritoriul Republicii Moldova și normelor internaționale prin analize comparative cu evidențierea modificării logicii contabile, identificarea avantajelor și dezavantajelor tratamentelor contabile corespunzătoare. Cercetările sunt supuse conceptele, structura datoriilor financiare, costurilor îndatorării, conturile destinate evidenței sintetice a ciclului contabil al datoriilor financiare.

Cuvinte-cheie: contabilitate, datorii financiare, acte normative, cont contabil.

Аннотация

В условиях рыночной экономики предприятия нуждаются в более значительных ресурсах для обеспечения непрерывности хозяйственной деятельности, финансирования некоторых проектов развития, инвестиций и т. д. Периодическая недостаточность собственных источников финансирования предприятия предопределяет более высокий спрос на заемные ресурсы. Учет финансовых обязательств представляет важный сектор учета с оспоримой эволюционной методологией, основанной на строгом регулировании порядка обработки и представления бухгалтерской информации пользователям, согласованной также с тенденциями глобализации процессов и явлений.

В статье рассматривается развитие учета финансовых обязательств в соответствии с законодательством Республики Молдова и международными нормами, путем сравнительного анализа и освещения изменений в учетной логике, определения преимуществ и недостатков соответствующих учетных процедур. Исследованию подлежали теоретические концепции, структура финансовой задолженности, затрат по займам, счета синтетического учета учетного цикла финансовых обязательств.

Ключевые слова: бухгалтерский учет, финансовые обязательства, законодательные акты, бухгалтерский счёт.

The publication is fulfilled within the research Project „Domestic trade and consumer cooperatives development in the context of economic integration of the Republic of Moldova in the European Community” (code 15.817.06.28A).

NOTES FOR AUTORS

The „Journal of Research on Trade, Management and Economic Development” (JRTMED) welcomes the submission of original research papers for publication that meet the general criteria of scientific excellence.

Topics covered by JRTMED include, but are not limited to the following areas:

- Strategies and policies for domestic trade development
- Domestic trade regulation
- The impact of government policies on the development of trade
- Anti-dumping and unfair trade practices issues
- Development of internal market and consumer protection
- Challenges, performances and tendencies in the organization management
- Management Reengineering and streamlining of business
- Management of change, innovation and quality
- Management and marketing of commercial enterprises
- Issues of quality and competitiveness of the products within the global economy
- Business policies, strategies and performances
- Innovation and product development
- Policies for economic growth and development: problems and solutions
- Strategies and models of sustainable economic growth and development
- The evolution of accounting, auditing, finance as practical activities and economic science
- Issues of the educational - economic sector
- Training and professional development of specialists in the economic-commercial field.

Technical and editorial issues:

- Papers will only be submitted in English;
- Total content of the articles should be 6-10 pages (references included);
- A good correspondence between title and content of the article is necessary;
- The paper will have the following structure: title, name(s) of author(s), abstract, keywords, JEL classification, expanded content of the paper, references;
- The content of the paper will correspond to mandatory requirements stipulated in the normative acts developed by the Academy of Sciences of Moldova (ASM), the National Council for Accreditation and Attestation (NCAA), the Supreme Council for Science and Technological Development (SCSTD);
- The main elements of the scientific paper will be: the summary (in Romanian, English and Russian), the keywords (in Romanian, English and Russian), JEL classification, 1. Introduction, 2. The degree of investigation of the problem currently, and purpose of research, 3. Methods and materials applied, 4. Results obtained and discussions 5. Conclusions, References;
- A clear definition of the terms used is recommended;
- Do not use page numbering, inserting lines, headers and footnotes;
- The text must be typed in one column format;
- Decision regarding publishing of the article in the review is approved at the meeting of the Editorial Board;
- The article must be written exclusively in Microsoft Word and it will be sent to the Editorial Board by e-mail at jrtmed@uccm.md.

The paper must respect the following *Template* (<http://jrtmed.uccm.md/files/Template.doc>)

Editorial Board JRTMED

**Journal of Research
on Trade, Management and Economic Development**

Signed for printing on 29.06.15
Format A4. Printing sheets 15,3. Order 24/15. Edition 100 copies.
Trade Co-operative University of Moldova Publishing House
8, Gagarin Avenue,
Chisinau, Republic of Moldova, MD-2001
Phone (+373) 22-815-620