TRADE CO-OPERATIVE UNIVERSITY OF MOLDOVA

ISSN 2345-1424
E-ISSN 2345-1483

# Journal of Research on Trade, Management and Economic Development

**VOLUME 7, ISSUE 2(14)/2020**

**Chisinau – 2020**

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.

The electronic version is available on http://jrtmed.uccm.md/index.php/en.

The ***Journal of Research on Trade, Management and Economic Development*** is classified by the **National Agency for Quality Assurance in Education and Research** in the **category B.**

*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**
**E-ISSN 2345-1483**

**Journal of Research on Trade, Management and Economic Development**
**VOLUME 7, ISSUE 2(14)/2020**

## Board of Advisors

# *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.

Journal of Research on Trade, Management and Economic Development
VOLUME 7, ISSUE 2(14)/2020

# Contents

ISSN 2345-1424 http://jrtmed.uccm.md E-ISSN 2345-1483

**Journal of Research on Trade, Management and Economic Development**
**VOLUME 7, ISSUE 2(14)/2020**

# COOPERATIVES FOR INNOVATIVE DEVELOPMENT

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

**Universal Decimal Classification: 334.735: 339.94 (478 + 100)**
**JEL Classification: P13, O1, Q13, J5, J54**

***Abstract***

*Co-operatives are a distinct dimension in international economic and social activities. They are constantly expanding and developing, becoming an important player in the social economy, due to the influence they have on socio-economic development of any country. Consumer co-operatives in the Republic of Moldova are part of the global system of co-operatives, and have an important role in the implementation of national economic and social policies. At the same time, current challenges, amplification of globalization and competition, as well as the need to stimulate the development of consumer co-operatives require new innovative solutions in this area. The objective of this research was to identify the strategic priorities for the medium-term development of consumer cooperation. To achieve this, the trends in the development of the country' co-operative sector in recent years were analyzed, the challenges faced by co-operatives and the internal needs for changes were highlighted, and the progress made by co-operative enterprises at the international level was assessed. Research was based on the use of complex methodological tools. The research results formed the basis of the Strategy for the Development of Consumer Cooperation in the Republic of Moldova for the period 2020-2023, which has been approved at the XVII Congress (August 2020) and is being implemented currently.*

***Keywords**: consumer co-operatives, strategic priorities, economic development, managerial reengineering*

## 1. Introduction

Co-operatives play an important role in contemporary society due to the influence they have on the socio-economic development in any country. Co-operatives have become an important pillar in international and European policies of economic development, cohesion and social inclusion due to the variety of promoted activities, level of population involvement, their contribution to the improvement of the quality of life and development of communities.

In this context, it becomes particularly important to promote and encourage innovative and sustainable development of consumer cooperation in Moldova in terms of economic development of the co-operative sector and its impact on the economic and social development of the country. Such development should be focused on the integrative processes of efficient use of co-operative system resources, on the continuity of the institutional framework restructuring, on the expansion of co-operative community and its position in the domestic and foreign markets, on the implementation of innovative solutions into the activities of co-operative entities.

Starting from 1863, during its activity the country's consumer cooperation managed to respond to the challenges of the time, still remaining in the national economy system and contributing to its development.

And, at present, the activities of consumer cooperation faces multiple challenges, obstacles, while having various opportunities for development. In this context, it becomes imperative to highlight these challenges and identify solutions for the development of the country's co-operative system. This desideratum becomes particularly important in the context of strategic planning for the development of the co-operative system.

## 2. The extent of the current study of the problem, objective of the study

Currently, co-operatives are an important segment of the national economy of any country, due to their impact not only economically, but also socially, as well as the orientation of their services to meet the needs of co-operative members and population in the area of their activities. For this reason, co-operatives are assigned to the area of social economy according to international regulations and policy documents.

The United Nations Resolution (2009) „Co-operatives in Social Development" [7], ILO Recommendation on the Promotion of Co-operatives (193/2002) [18], as well as the Communication on the Promotion of Co-Operative Societies in Europe (2004) [5], the European Parliament Resolution on the Contribution of Co-operatives to Overcoming the Crisis (2013) [10] and other international documents are aimed at supporting this form of activity and *encouraging governments, academic and research environment to contribute to the development of co-operatives* by improving legislation, identifying and implementing innovative forms of co-operatives and co-operative activity, promoting education in this area based on international principles and good practices.

The importance of research in this area is also due to the size of the co-operative sector around the world. According to the International Cooperative Alliance (ICA), there are more than 3 million co-operatives worldwide, with 1.2 billion members [13]. The development of the co-operative sector involves millions of employees. Co-operatives provide more than 250 million jobs worldwide, 20% more than multinational companies. Within the G20 countries, co-operatives employ about 10% of total employed population [14].

In the context of the above, research in this area, focused on identifying innovative solutions for cooperatives development, acquires major values and is in the attention of various research and educational institutions (ICA Committee on Cooperative Research [11], International Center for Research and Information on the Public, Social and Cooperative Economy - CIRIEC [12], and universities) and researchers from different countries.

Thereby, the subjects referring to the role of co-operatives in the social economy are in the attention of C. Borgaza, Dependi S. Ermanno T. [4]; issues concerning the development of co-operative legislation are being investigated by Cracogna, D., Fici A., Henry H. [8]; aspects addressing the nature of the co-operative activity are studied by Petrescu C. [17], Crisan I. [9]; issues related to the argumentation of the co-operative business model are examined in the works of Birchall J., Ketilson L. [3], Zeuli K. [26]; the role of co-operative principles and values for co-operative business development is exposed in the publications by Novkovic S. [16]; the new models of co-operative governance are addressed by Banaszac I, Beckmann V. [2]; the strengthening of indigenous knowledge, human rights, and the principles and values of co-operation are examined by Priscilla S. [25] and others.

The latest research results of the world scientists on co-operative issues are reflected in the Review of International Co-operation, published under the auspices of the ICA Committee on Cooperative Research [19], Annals of Public and Cooperative Economics, edited by CIRIEC [1] and other publications. At national level, recent research in the field of co-operative development is presented in the Journal of Research on Trade, Management and Economic Development [15], monographs [20, 23], and publications of Moldovan researchers (such as L. Savga, V. Sitnicenco, N. Șerban [21, 22, 24, 27] etc.) particularly from the Trade Co-operative University of Moldova.

A particularly important compartment in the area of co-operative activity research aims at strategic planning for the development of co-operatives at national level, which should take into account the specific operating conditions of co-operatives, the challenges of internal and external environment, best practices and efficiency of co-operatives in other countries and regions. This is due to the fact that a well-founded and well-designed medium-term development strategy ensures the progress and sustainability of co-operatives' activities and contributes to the increase of their impact on the socio-economic evolution, development of settlements and well-being of the population.

Based on the foregoing, the purpose of this research is to analyse the development trends of consumer cooperatives in the Republic of Moldova, highlight the challenges it faces, assess internal needs for changes, determine the methodology for designing the development strategy of the co-operative system in the medium term, define strategic priorities and future directions for action in order to move to another qualitative level of development.

## 3. Methods and materials applied

Research methodology included the study of relevant reports on the implementation of national strategic development programs, sectoral programs and recorded progress; analysis of the implementation of Consumer Co-operative Development Strategy for the period 2016-2019 [6]; PESTEL analysis of consumer co-operatives activity as well as of encountered challenges; social and economic analysis of the consumer co-operatives activity; evaluation of European regulatory and strategic development framework for co-operatives; analysis of statistical data, reviews, social and economic reports; other relevant documents in this field. At the same time, the needs and expectations of stakeholders (members, employees, other beneficiaries of co-operative services, authorities, etc.) were identified and the key actors were consulted on the challenges and visions of future cooperative development.

Identification of strategic priorities for the development of country's consumer cooperatives was based on the following principles: participation and transparency, efficiency, complementarity of resources and innovation.

To carry out the study the following research methods have been used: systemic and problematic approaches, as well as statistical methods, synthesis, induction and deduction methods, comparative analysis, benchmarking, modelling, and forecasting methods, etc.

## 4. Results obtained and discussions

### 4.1. Evolutions and trends in the development of consumer cooperation and factors that influence it

Traditionally, consumer co-operatives offer a wide range of services and the promotion of various activities, such as retail and wholesale trade, purchase of agricultural, animal origin and other products and their processing, provision of various services, including educational, market and public catering services, thus, subordinating their activity to the interests of its members and population in their area of activity.

Currently, Moldovan consumer co-operation system associates 106,5 thousand co-operative members (co-operators), integrates 142 economic agents, including 88 consumer co-operatives; 1600 trade units; 176 catering facilities; and 21 markets. Consumer cooperation is present in about 770 settlements of the country, serving the population, mainly in rural area. During its existence, consumer cooperation has also developed its own educational system that currently integrates four educational institutions representing vocational and higher education.

In the recent years, particular attention has been paid to infrastructure strengthening. The development of infrastructure and capitalizing on the existing potential have contributed to growth in some areas of activity in the period 2016-2019: retail sales increased by 3.3% in this period, wholesale sales increased by 29.2%, constituting cumulatively 3224.2 million lei and 495.4 million lei, respectively, in the reference period; provision of paid services to the population increased by 14.6%, amounting to 662.9 million lei in 2016-2019, purchase of products (agricultural and animal origin, other nature products) amounted to 291.5 million lei; manufacturing of industrial production amounted to 205.7 million lei for the same period; the volume of export amounted to 34.4 million lei.

Although the entities of consumer co-operatives operate in conditions of insufficient financial resources, the co-operative system has invested in its own development about 57.8 million lei in recent years. However, the lack of necessary investments and the unattractiveness of the system for external investors remains an important obstacle to the sustainable development of consumer co-operatives for the long-term.

In 2016-2019, the contributions of consumer co-operative system to the consolidated budget has also increased due to the payment of taxes, fees, contributions to social and health insurance, in the amount of about 478.3 million lei. Payments to the consolidated budget have increased by 14.4% over the past four years compared to 2012-2015.

However, the consumer co-operatives system of the country is influenced by multiple factors, both of incentive and reverse action. Their analysis made it possible to single out, among the main factors that contribute to further evolution of the consumer cooperation, the next:

- participation of co-operative entities in the implementation of national, regional and local development programs,
- strengthening of integration and associative processes,
- diversified nature of the cooperative system' activities (trade, production, procurement, services, etc.),
- further expansion of the areas of co-operative activity in accordance with the needs

of society and good international practices,

- established sales market, penetration into the new internal markets and market niches (urban, regional, etc.) and the external market,
- economic participation of members in the activities promoted by co-operative entities and in the decision-making process,
- experience in economic activity, development of partnerships with public authorities in order to support the development of co-operative services in rural areas,
- capitalizing on the internal potential of consumer cooperation and innovative development of the system,
- motivating co-operative members and employees to participate and to contribute to the development of co-operatives,
- strengthening the community of co-operative members and recruiting new members,
- formed image of a socially-focused system,
- human resources with experience in the co-operative sector,
- promoting research, innovation and development projects of consumer cooperation,
- own infrastructure dispersed throughout the territory of the republic, constant modernization of co-operative infrastructure and technological processes,
- implementation of modern business models and activities based on ICT,
- supporting the worldwide co-operative movement, etc.

At the same time, among the factors that hinder the development of the consumer co-operatives sector, the following are distinguished:

- unfair competitive environment for all economic entities operating in the domestic market,
- diminishing the positions of co-operative sector by segments of economic activity,
- low profitability of economic activity in some areas, generated mainly by the social nature of co-operative benefits in rural localities,
- decrease of the income and the purchase power of the served population, and reduction of population in the area of co-operative activity,
- lack of financial resources to implement extensive programs of infrastructure modernization and renovation, and expansion of activities,
- diminishing the co-operative members interest in supporting and developing co-operatives in the absence of efficient mechanisms of economic and social motivation,
- imperfection of legislative and regulatory framework regarding the consumer co-operatives,
- underestimation of the consumer co-operative system by public authorities and the role played by co-operative enterprises and organizations in the implementation of national social policies, lack of support to socially-focused co operative activities in remote or less-populated areas,
- negative demographic trends in the country, migration of the population, including economically active labour force, trends for decreasing demand at local and national levels,

- insufficient awareness of the population regarding the benefits offered by consumer co-operatives,
- low interest of young people for association in consumer co-operatives, etc.

Currently, consumer co-operatives should continue the evolutionary positive processes and adopt a strategic position towards the challenges and opportunities of internal and external markets. Despite many development challenges, there are also many opportunities that can and should be harnessed.

### 4.2. Strategic objectives for the development of consumer cooperation in 2020-2023

The analysis of consumer co-operatives activities, assessment of faced challenges and factors with impact on the co-operative system operation have contributed to the establishment of *priorities for further development of consumer co-operative sector,* among which:

- development and diversification of economic activities, increasing the competitiveness of the co-operative system;
- increasing the efficiency of financial and economic activities of consumer co-operatives and ensuring their sustainable development;
- managerial reengineering of the co-operative system and its business processes,
- motivation and development of human resources involved in co-operative activity.

Let us further examine priority areas for the development of co-operative activity according to the above priorities.

Actions in the area of **development and diversification of economic activities and increase of co-operative system competitiveness** are aimed primarily at the following.

The improving of the ***commercial activity*** requires:

- development of an integrated trading system in the framework of consumer co-operatives system,
- modernization and development of co-operative commercial units infrastructure, renovation of existing stores, design of new types of stores, endowment of commercial units with modern equipment and technologies,
- encouraging the expansion of „Coop” brand stores, in particular of „CoopPrim” and „CoopPlus” networks, as well as specialized commercial stores,
- diversification of forms of sales through the use of methods that are known, but not used by co-operative organizations, such as mobile trading, home sales, sales by order, sale of goods on credit, etc.,
- centralization of goods purchasing function for the entire trading system of consumer co-operatives, establishment and development of direct commercial relations with manufacturers and suppliers from the country and abroad,
- centralization of products distribution function within a co-operative system in order to optimize logistics, advertising and administrative costs,
- development and promotion of own trading brands for manufactured and/or marketed products, for services offered through consumer co-operative’s networks and trade units,

- digitization of commercial activities, creation and development of online stores, implementation of electronic payment system, implementation of modern electronic marketing tools, automation of business processes within co-operative business,
- providing consumers with facilities for provision of maintenance and repair services at the place of purchase or near commercial units,
- diversification of products manufactured for the foreign market, efficiency in promoting export offers of consumer cooperation, etc.

Further development of ***public catering services*** will focus primarily on diversification, renewal, improvement of the quality of products and services. Future actions are aimed at:

- re-equipment and refurbishment of public catering units;
- creation of a modern network format of co-operative public catering units;
- expanding the manufacture of confectionery and culinary products, semi-finished products, etc. by the public catering units and distribution of products both through the trading network of co-operatives and through other commercial units, public institutions;
- promotion of public catering services in the electronic and other traditional media;
- integration of co-operative public catering enterprises into the tourism industry;
- improvement of the quality of products developed in public catering units and enlargement of services offered to consumers, implementation of consumer loyalty programs, etc.

The objectives of the ***procurement of agri-food products activity*** development are focused on providing the business with adequate resources, both qualitatively and quantitatively, in due time and space, and at minimum cost. However, lack of financial resources necessary for the development of infrastructure and endowment with modern equipment and technologies, limited opportunities to ensure long-term storage of purchased products, inconsistency of the quality of purchased products with national and international standards, lack of a complete system for marketing and processing of purchased products, unfair competition in the agri-food market, etc., limit the development of this sector.

Stimulation of this sector's development is aimed primarily at assessing the procurement potential of consumer co-operatives system in terms of: agricultural specialization of the country's regions and districts, capacity of enterprises and co-operative organizations, investment needs and identification of development priorities for the sector, its transformation into an attractive one for both internal and external investment.

To ensure the competitiveness and sustainability of the procurement sector, it is advisable to create a republican-level cooperative enterprise specializing in the purchase of agricultural, agri-food and other products, their processing and distribution, with well-developed regional-level infrastructure and appropriate technical, material and logistic infrastructure (warehouses, refrigerators, vehicles, marketing, etc.) that would be part of a circular economy. Chain reunion of acquisition, production, sale and catering activities would have a high synergistic and cumulative effect.

Along with the procurement area, it is required to develop the ***processing sector***, which represents an important source of the formation of the product offer. Traditionally, the co-operative's industry is focused primarily on production of goods for basic needs, including bread and bakery products, confectionery, pasta, sausages, drinks, etc.

Sustainable development of this sector calls for the following actions, which would contribute to effective development of the industrial sector:

- identification of priorities and strategic directions for the development of co-operative industry, assessment and economic and financial diagnosis of each enterprise within the industrial complex, highlighting enterprises that correspond to strategic goals in this area, reconversion or elimination of unprofitable ones, their alienation and investment of obtained resources in infrastructure development;
- integration of production structures (enterprises, departments) into a single complex with the centralization of certain functions (design and development of new products, joint information infrastructure, joint distribution system, etc.);
- increasing product competitiveness and ensuring economic efficiency of co-operative manufacturing enterprises;
- attraction of internal and external investment sources for the modernization of infrastructure, technical base and production technologies, etc.

An important factor for sustainable operation and development of co-operative organizations and enterprises is to ensure financial balance, as well as to increase economic efficiency of consumer co-operatives activities.

In order to ***improve the efficiency of economic and financial activity of consumer co-operatives and ensure sustainable development***, the following actions have become imperative:

- diagnostics of the activity of cooperative economic entities from an economic point of view and their liquidation/reorganization;
- optimization of economic activities, entry into new markets, diversification and expansion of co-operative services, infrastructure modernization and retechnologization in all areas of co-operative activity;
- implementation of effective tools in order to stimulate managers and employees for their performance, to reward contributions of co-operative members depending on their participation in the formation of social capital and the activity of co-operatives;
- strengthening investment potential by attracting funds from co-operative system employees, attracting external financial sources (loans, credits, deposits, etc.) from various third parties, without losing co-operative identity, applying for microfinance projects, technical assistance and other projects, accessing European funds for the development of co-operative infrastructure, introduction of investment reward mechanisms depending on the results of economic activity of co-operative entities;
- support from the local public authorities to co-operative activities in communities where such activities are unprofitable but requested by the population, which can be carried out in various forms (exemption or reduction of taxes on the location, provision of subsidies for economic activities with social impact, etc.);
- assessment of international experience in relation to existing models and practices regarding participation of non-user financing organizations in co-operative

activities and transfer of best practices to the consumer cooperation system of the country, etc.

In order to meet the challenges of the competitive environment, consumer co-operatives should constantly change not only in terms of its infrastructure modernization, but also in terms of organizational and managerial optimization. ***Managerial reengineering of the co-operative system and business processes are aimed***, first of all, at rethinking and re-designing the consumer co-operatives system, at reorganizing and optimizing the managing bodies of co-operative entities.

Organizational and managerial optimization of the consumer co-operatives system implies mainly the creation of integrated (both vertical and horizontal) and associative structures, regardless of the territorial area of operation and profile of economic activity (wholesale or retail trade; procurement-processing-storage-distribution of agricultural products, etc.), with a single management system and unified administration of material, technical, financial, human and information resources, within which the principles of equal cooperation prevail.

Processual redesign requires the implementation of new business processes, particularly of those based on the use of ICT as well as the modernization of existing ones based on value-added activities.

These and other proposals formed the basis of the Consumer Co-operative Development Strategy for the period 2020-2023, developed under the coordination of the author of this paper, which was approved at the XVII$^{th}$ Congress of Consumer Co-operatives (August 26, 2020). The implementation of the Strategy will contribute to the consolidation of internal potential of the co-operative system, will stimulate its economic growth, progress and sustainable development. This will increase the indicators characterizing economic and financial activities of co-operative entities: turnover growth by about 2-4% annually, and increase of consumer co-operative income on average by 3-6% annually.

## 5. Conclusions

Co-operatives are recognized worldwide as key players in the social economy, employment and inclusion policy. The development of co-operatives, especially of consumer co-operatives, in the Republic of Moldova also plays an important role due to their contribution to socio-economic development and to the growth of population's well-being.

In the context of a constantly changing socio-economic environment, national consumer co-operatives should continue its evolutionary positive processes and take a strategic position in relation to the challenges and opportunities of the internal and external markets. Despite the fact that there are many challenges in development, there are also many opportunities that can and should be taken advantage of. Their analysis in this research and identification of strategic priorities for the development of consumer co-operatives of the country in the next four years, as well as the key actions required in this context, regarding their implementation, will contribute to strengthening competitive advantages of the national co-operative system, to quality and innovative development of the promoted activities and to maximizing the benefits that can be obtained by co-operatives, as well as by the population within its area of activity.

## REFERENCES


1. Annals of Public and Cooperative Economics. https://onlinelibrary.wiley.com/doi/toc/10.1111/(ISSN)1467-8292.ilo-coop-100
2. BANASZAC, I., BECKMANN, V. New modes of governance of cooperative arrangements in agricultural markets: The case of polish producer groups. RePEc. 2009. Available: https://ageconsearch.umn.edu/bitstream/53269/2/v13_53269.pdf
3. BIRCHALL, J., KETILSON, L., H. Resilience of the cooperative business model in times of crisis. International Labour Organization, Sustainable Enterprise Programme. Geneva, ILO, 2009. Available: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_108416.pdf
4. BORZAGA, C., DEPEDRI, S., ERMANNO, T. The Role of Cooperative and Social Enterprises: A Multifaceted Approach for an Economic Pluralism. Euricse Working Papers. Italy: EURICSE, 2009, no. 000/09
5. Communication (EU) on the promotion of co-operative societies in Europe. Brussels, 23.02.2004. Available: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52004DC0018
6. Consumer Co-operative Development Strategy for the period 2016-2019. Approved by Congress XVI on February 12, 2016. Ch.: Moldcoop, 2016.
7. Cooperatives in social development. Resolution UN adopted by the General Assembly on 18 December 2009. (A/RES/64/432). Available: http://dag.un.org/bitstream/handle/11176/147673/A_RES_64_136-EN.pdf?sequence=3&isAllowed=y
8. CRAGORNA, D., FICI, A., HENRY, H. International Handbook of Cooperative Law [online]. Springer - Verlag Berlin Heidelberg, 2013, 820 p. Available: https://books.google.md/books/about/International_Handbook_of_Cooperative_La.html?id=vy2_BAAAQBAJ&printsec=frontcover&source=kp_read_button&redir_esc=y#v=onepage&q&f=false
9. CRISAN, I. Cooperaţia de consum. Evoluție, structuri, strategii de dezvoltare/ Consumer Cooperation. Evolution, Structures, Development Strategies. Bucureşti: Editura Universitară, 2010. - 264 p. ISBN: 978-606-591-020-1.
10. European Parliament resolution of 2 July 2013 on the contribution of cooperatives to overcoming the crisis. Available: http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0301+0+DOC+XML+V0//EN
11. ICA Committee on Cooperative Research . Available: https://ccr.ica.coop/en?_ga=2.225124633.2047474284.1606206675-445727780.1580627210
12. International Centre of Research and Information on the Public, Social and Cooperative Economy. Available: http://www.ciriec.uliege.be/en/
13. International Co-operative Alliance. Available: https://www.ica.coop/en/about-us/international-cooperative-alliance
14. International Co-operative Alliance. Available: https://www.ica.coop/en/cooperatives/facts-and-figures
15. Journal of Research on Trade, Management and Economic Development. Available: http://jrtmed.uccm.md/index.php/en
16. NOVKOVIC, S. Co-operative Business: the Role of Co-operative Principles and Values. Journal of Co-operative Studies. 2006, vol. 39:1 (no. 116), pp. 5-16.
17. PETRESCU, C. Cooperativele din România: actori ai dezvoltării socio-economice/ Cooperatives in Romania: Actors of Socio-Economic Development. Coord. C. Petrescu. Iaşi: Polirom, 2013. - 142 p.
18. Recommendation concerning promotion of cooperatives no. 193. International Labour Organization [online]. Geneva, ILO, 2002. Available: http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_code:R193
19. Review of International Co-operation. Available: https://ccr.ica.coop/sites/default/files/publication-files/review-international-co-operation-2019-digital-336124954.pdf
20. SAVGA, L. (coord.) Dezvoltarea comerțului și a cooperației de consum în contextul integrării economice a Republicii Moldova în spațiul comunitar european/ Development of Trade and Consumer Cooperation in the Context of the Economic Integration of the Republic of Moldova in the European Community Space.Ch.: UCCM, 2019 (PIM, Iași). - 377 p. ISBN 978-9975-81-054-8.
21. SAVGA, L. Analiza tendințelor de dezvoltare a cooperativelor în comunitatea europeană / Analysis of Co-operative Development Trends in the European Community. În: Creșterea economică în condițiile globalizării: competitivitate, inovativitate, sustenabilitate, ediția a XIII-a. Conf. şt.-pract. intern. din 11-12 octombrie 2018. – Ch.: INCE, Vol.1, 2018, pp. 57-64. ISBN 978-9975-3202-8-3.
22. SAVGA, L. Cooperatives-Present and Perspectives. În: 12th International Management Conference Management Perspectives In The Digital Era. Conf. şt. intern. din 1-2 November, 2018. – București: ASE. Available: http://conferinta.management.ase.ro/

23. SAVGA, L. Evoluţii şi orientări strategice de dezvoltare a cooperaţiei de consum din Republica Moldova/ Evolutions and Strategic Orientations for the Development of Consumer Cooperation in the Republic of Moldova. – Chişinău: UCCM, 2018 (PIM Iaşi). - 268 p. ISBN 978-9975-81-041-8
24. SAVGA, L., ŞERBAN, N. Perfecţionarea infrastructurii şi eficientizarea funcţionării comerţului din cadrul cooperaţiei de consum/ Improving the Infrastructure and Streamlining the Functioning of Trade within the Framework of Consumer Cooperation. Chişinău: UCCM, 2011. - 220 p. ISBN 978-9975-4297-3-3
25. SETTEE, P. Indigenous Knowledge, Human Rights, and the Principles and Values of Co-operation. Review of International Co-operation. Volume 105/2019. Available: https://ccr.ica.coop/sites/default/files/publication-files/review-international-co-operation-2019-digital-336124954.pdf
26. ZEULI, K. The Evolution of the Cooperative Model. Cooperatives and Local Development: Theory and Applications for the 21st Century. London and Armonk, NY: M.E. Sharpe, 2004, pp. 52–69.
27. ШАВГА, Л., СИТНИЧЕНКО, В., ШАВГА, Г. Развитие потребительской кооперации Республики Молдова в контексте европейской интеграции / Development of Consumer Cooperation in the Republic of Moldova in the Context of European Integration. Management of the 21st century: globalization challenges: [monograph]/in edition I.A. Markina. – Poltava: Publisher house «Simon», 2017. [Pp. 187-202] - 728 p. ISBN 978-966-2989-65-6



***Rezumat***

*Cooperativele constituie o dimensiune distinctă în activitatea economică și socială la nivel internațional. Acestea sunt în continuă extensie și dezvoltare, devenind un actor important al economiei sociale, datorită impactului pe care îl au asupra dezvoltării socioeconomice în orice țară. Cooperativele de consum din Republica Moldova sunt parte a sistemului global al cooperativelor, acestora revenindu-le un rol important în realizarea politicilor economice şi sociale naţionale. Totodată provocările actuale, amplificarea globalizării și concurenței, precum și necesitatea dinamizării dezvoltării cooperativelor de consum solicită noi soluții inovative în domeniu. Identificarea priorităților strategice de dezvoltare a cooperației de consum pe termen mediu a constituit obiectivul prezentei cercetări. Pentru realizarea acestuia au fost analizate tendințele în evoluția sectorului cooperatist din țară din ultimii ani, evidențiate provocările cu care se confruntă cooperativele și necesitățile interne de schimbare, evaluate progresele înregistrate de întreprinderile cooperatiste pe plan internațional. Cercetarea s-a bazat pe utilizarea unui instrumentar complex metodologic. Rezultatele cercetărilor au constituit fundamentul Strategiei de dezvoltare a cooperației de consum din Republica Moldova pentru perioada 2020-2023, care a fost aprobată la congresul XVII (august 2020) și este pusă în aplicare.*



***Cuvinte-cheie**: cooperative de consum, priorități strategice, dezvoltare economică, reengineering managerial*



***Аннотация***

*Кооперативы представляют собой особый сегмент экономической и социальной деятельности на международном уровне. Они постоянно развиваются, становясь важным игроком социальной экономики, благодаря влиянию, которое они оказывают на социально-экономическое развитие любой страны. Потребительские кооперативы в Республике Молдова являются частью глобальной системы кооперативов и играют важную роль в реализации национальной экономической и социальной политики. В то же время, современные вызовы, усиление глобализации и конкуренции, а также необходимость развития потребительских кооперативов требуют новых инновационных решений в этой области. Целью данного исследования явилось определение стратегических приоритетных направлений развития потребительской кооперации на среднесрочный период. Для этого были проанализированы тенденции развития кооперативного сектора в стране за последние годы, выделены проблемы, с которыми сталкиваются кооперативы, выявлены внутренние потребности в изменениях, а также оценен опыт, достигнутый кооперативными предприятиями на международном уровне. Исследование основано на использовании комплексного методического подхода. Результаты исследования легли в основу Стратегии развития потребительской кооперации Республики Молдова на период 2020-2023 годов, которая была утверждена на XVII съезде (август 2020 года) и находится в стадии реализации.*



***Ключевые слова**: потребительские кооперативы, стратегические приоритеты, экономическое развитие, реинжиниринг управления*

*Received 24.11.2020*
*Accepted 04.12.2020*
*Published 30.12.2020*

ISSN 2345-1424 http://jrtmed.uccm.md E-ISSN 2345-1483

**Journal of Research on Trade, Management and Economic Development**
**VOLUME 7, ISSUE 2(14)/2020**

# THE IMPACT OF FACTORS OF ACCOUNTING ELEMENTS RECOGNITION AND VALUATION ON THE CORPORATE PROFIT

**Tudor TUHARI, Prof., PhD**
Trade Co-operative University of Moldova
*Email: contabilitateuccm@rambler.ru*

**Universal Decimal Classification: 657.2.016: 658.15 (478)**
**JEL Classification: M41, H83**

***Abstract***

*The standardization of accounting and the international context of globalization are changing dramatically its content from both an economic and a legal point of view. The art of an accountant is manifested by his professional capability to anticipate the most effective factors affecting the current state of profitability and its growth and achieving high cost effectiveness of the enterprise.*

*The accounting system is based on the principles of recognition and valuation of accounting elements, including long-term and current assets, liabilities consisting of equity capital and debt, revenues, expenses, as well as costs resulting from the economic and financial activities of the enterprise. The condition and changes of these elements depend on the efficiency of selected methodological techniques and methods of their recognition and valuation, recommended by the regulatory and legislative acts on accounting.*

*This paper examines situations of both economic and legal nature, in which the quality of accounting objectivity and reliability should be observed in the process of fulfilling the requirements of the National Accounting Standards (NAS). In compliance with the NAS basic conditions, the model is represented by the annual accounting policies of the economic entities of the Republic of Moldova. The paper considers some problems of the accounting policies content regarding the influence of various factors related to recognition and valuation of the financial accounting elements on changes in the accounting profit.*

*The author considers issues of the content of financial policy from the point of view of the characteristics of accounting, tax and contractual policies and the impact on profit of a set of factors determined by the administration of the enterprise when recognizing and valuating the relevant accounting elements. In practice, accounting policies describe insufficiently the techniques and methods for the recognition and valuation of the above elements, without specific economic analysis of the causes and consequences of effectiveness of their impact on financial performance. This is demonstrated by the data on accounting policies of several companies, reported by our university students who did their internship in the period 2018-2019. These policies include, at best, only a list of general requirements of the relevant standards, without analytical justification of the effectiveness of the described techniques and methods for profitable activity of the enterprise.*

***Keywords****: accounting policies, accounting elements, factors of recognition and valuation of accounting elements, profit and loss, profitability, revenues, expenses, costs*

## 1. Introduction

Financial policy like any other policy is the art of the possible. For financial policy, this “possible” is the choice, by managing bodies, of appropriate methodological techniques that allow achieving sufficient financial position for the enterprise’s activity in the long term. The purpose of the financial policy is to ensure monitoring of the current state of the main elements of accounting (assets, equity, liabilities, revenues, expenses, and economic events) and their positive changes.

Each accounting element consists of specific analytical components, which should receive their financial reflection in terms of the accounting recognition and monetary valuation provided for in the accounting standards. Speaking of financial policy as the art of the "possible" [3, p. 24] the enterprise should strive for rational choice of both buyers and suppliers in order to organize favorable settlement relations, timely get and reimburse credits and loans, and to reasonably influence financial indicators of corporate development.

Rationality of such choice is manifested through recognition and valuation of economic elements and events, for which, in our opinion, it is necessary to perform preliminary analysis of positive and negative situations that affect profit. This analysis will result in using the most effective methodological technique or method when reflecting economic events in accounting.

## 2. Degree of research of the problem, the purpose of study

In accordance with accounting regulation [1, item 8; 2 of the NAS "Accounting policies, changes in accounting estimates, errors and subsequent events"] enterprises should independently develop their accounting policies based on corporate structure, relevant industry and other peculiarities of corporate activity. However, practice demonstrate that, often, the top management of most companies does not clearly understand the significance and possibilities of accounting policies and develops them using standard formulations without leveraging the appropriate method or principle for the recognition of an accounting indicator specific for the company.

The essence of accounting policies is to choose the direction aimed at maximizing accounting profit, using methodological techniques, rules and principles provided by national standards and other normative and legislative acts on accounting. To determine profit, an economic entity always uses the income represented by the amount of recognized or received proceeds. Revenues are always obvious, while expenses are usually questionable, as the latter are determined by the accounting methodology and the specific ways of accounting implementation.

In addition, the revenues are always objective because they can be verified by documents. Expenses are mostly subjective, and therefore there are discrepancies between the determined profit in terms of financial and fiscal accounting. With the same revenues, profit may vary depending, for example, on the method used to recognize expenses from the accrual of depreciation of fixed assets, the variant of valuation, revaluation, impairment of commodity assets, the reserve formation procedures, and the methods of distribution of indirect production costs, etc.

The issues of the quality of developed accounting policies were repeatedly discussed in national periodicals and magazines, including "Contrabilitate și audit" and "Accounting and tax consultations", taking into account the amendments to NAS. Opinions on this topic were expressed by scientists and practitioners from the Republic of Moldova and from abroad: V. Tsurkanu, V. Bukur, A. Nederitsa, E. Bazheryan (Republic of Moldova), M. Vakhrusina, N. Generalova (Russian Federation), I. Veriga (Ukraine), and others. However, in our opinion, in the characteristics of the content of accounting policies they do not critically disclose the analytical rationale for the application of appropriate selected methodological accounting techniques and methods, depending on the financial performance of a particular enterprise.

At the same time, it should be taken into account that the ways, rules, methods and techniques for recognition and assessment of accounting elements can be different and, accordingly, they can either increase the profit or decrease it. The accountant should analyze and find the golden mean, taking into account the factors of time and space favorable for the interests of the enterprise.

The purpose of this work is to refocus research on the use of accounting policies in the system of internal accounting and reporting data in the interest of rational approach to the identification of the most effective factors for the recognition and valuation of accounting elements and their impact on the enterprise profit-making. The goal was achieved by studying both the accounting policies in the part of accounting elements recognition and valuation, and the content of tax and contractual policies that influence the financial performance of the enterprise.

## 3. Applied methods and materials

In this work methodological studies are based on fundamental and specific developments based on theoretical scientific recommendations and practical sources about the results of activities related to the problems of finding the most effective and high-quality content of accounting policies regarding the factors of recognition and valuation of accounting elements.

Research was conducted in the sequence of dialectical method of cognition and the choice of models that favor the influence on the enterprise profit. Some conceptual definitions of economic categories have been considered.

Another most significant stage in the studies is manifested through the critical study of the content of accounting policies of several entities, taking into account NAS amendments of 01.01.2020. The analysis of factual material made it possible to focus attention on the need to study it using scientific methods of analysis and synthesis, as well as monitoring, selection, comparison and grouping in the process of formulating proposals and scientific conclusions regarding the factors for the recognition and valuation of accounting elements and their impact on profit.

The results of the study are aimed at studying specific factors for the recognition and valuation of accounting elements: long-term (fixed) and short-term (current) assets, revenues, expenses, as well as factors of tax and contractual nature and specific recommendations regarding the content of company’s accounting policies.

## 4. Research results and discussions

Tax policy based on financial accounting is also part of accounting policies and is guided by the relevant rules of methodological choice according to the requirements of the Tax Code. The Chief Accountant and the corporate management of the enterprise strive, as a rule, to minimize taxable profit. Accounting techniques used to perform valuation of assets, recognition of sales proceeds, and costs write-off constantly come into contact with the issue of corporate taxation, as well as with the issue of financial position ensuring the interests of shareholders, potential investors, and creditors.

Varying a set of methodological techniques and rules, the accountant develops a policy of reducing tax payments on both corporate income tax and value-added tax, real estate tax and other budgetary deductions, while relying on his/her own professional judgment, given that some revenue being recognized for financial accounting purposes may not be recognized for tax purposes (tax accounting) and, on the contrary, it is not recognized in financial accounting purposes, but recognized in tax policy. A similar picture occurs with the recognition and non-recognition of expenses. Moreover, the diverse approach to recognition and non-recognition of expenses has received the most expressive character. These are associated with limited travel and hospitality expenses, regulatory limit amounts for loss of commodities and materials, impairment losses, different approaches to recognizing the depreciation costs of long-term tangible assets and their repairs, and other expenses incurred in the interest of corporate business activity of the company.

The contractual policy should also be considered as an integral part of accounting policy; it has a significant influence on the formation of financial position in terms of economic entity profitability.

In the contracts for the supply of valuables or provision of services or execution of works between suppliers and buyers (contractors and customers), the terms of evaluation are agreed, as well as the forms and procedures of settlements on terms (advance payment or post-payment after shipment or execution of works), on forms of payment (money or barter exchange of values), as well as on terms of the commission agreement or direct commercial relationship between the seller and the buyer [3, p. 328].

It is worth noting that a significant factor influencing the scope of contractual obligations and therefore determining the revenues and expenses of contractual parties is the variation of corresponding obligations due to discounts for early payment of goods sold or due to differentiation of the cost of obligations. In this case, the amount of profit will change or will be fixed if the buyer pays the monetary obligation to the seller ahead of schedule or within the specified period according to contractual terms. There may be different factors influencing obligations variation on the amounts of discounts for urgency of payment for mutual benefit of the buyer and the seller. The former reduces debt for acquired goods, and the latter faster replenishes the on-balance-sheet asset, which in turn generates additional returns.

At the same time, both parties incur losses due to these contractual terms. The buyer spends money for early payment sooner than it would be possible otherwise, thus reducing its working capital, which brings economic benefit, and the seller loses the earnings related to the amount of discount for buyer’s early payment of goods. In connection with situations concerning changes of factors regarding recognition and valuation of commercial liabilities and accounts receivable and their impact on profit, it would be advisable to separate the terms of contractual policy into a separate item within the accounting policies of the enterprise.

Let’s take a closer look at the requirements for recognition and valuation of individual accounting elements provided in the national standards.

According to NAS, “Long-term intangible and material assets” are recognized as such in accounting, if their relevant objects can be identified and controlled and if it is possible to obtain future economic benefit from their use, and the initial and balance-sheet value of each of them can be reliably estimated. In the process of acquisition, by means of purchase or production of long-term assets, both tangible and intangible, capitalization of expenses (costs) in these assets occurs, and when the latter are being used, expenses are recapitalized by calculating their depreciation amounts.

In a balance sheet, the value of long-term assets changes under the influence of accumulated depreciation, impairment amounts, and their revaluation. Hence the conclusions, that by varying the capitalization and recapitalization process, by using different methods for calculating depreciation, determining depreciation value and term of use of objects, by calculating losses from impairment losses and their reversal, as well as determining differences from revaluation of individual objects, the enterprise allows various factors to influence the accounting profit. In this case, accountant’s professional performance is valued not so much in terms of bookkeeping accuracy, but rather in terms of confidence and reliability of forecasting the influence of this or that method or technique or methodological calculation as a factor increasing or decreasing the profit.

Thus, various methodological accounting techniques for the recognition and valuation of long-term intangible and tangible assets, respectively, affect profits differently; therefore there is a need to specifically describe in annual accounting policies the analysis of choices most effective for the corporate financial result.

Profit variation also depends on recognition and valuation processes of working assets, including the condition and use of reserves. In contrast with principles of recognition for working assets, including reserves, which are to some extent identical to those for long-term assets, the problems of valuation and their variability differ in many ways in terms of their specificity of turnover.

The system of pricing on the proceeds and sales of products and goods is often decisive and basic when determining the sources of financial results of the company’s activity. Establishment of trade allowances for sale of goods considering the desired level of profitability given an assortment breakdown [5, p. 19], determination of the net cost for goods and products to be sold by means of FIFO and LIFO methods, weighted average calculation of prices for their disposal, become largely determinative for the formation of gross profit. It is impossible not to take into account the factor of setting the materiality (significance) threshold [6, p. 12], which the companies are guided by in capitalization of expenses for the delivery of specific stationery and household items, inventory, as well as in the accrual of depreciation of low-value and high consumable items. Accounting standards give the company the right to classify and determine the initial value of items as fixed assets or as low-value and high consumables items. This situation will affect the methods for calculating depreciation or amortization, which in turn will bring the influence of factors, recapitalization of expenses related to the profit-generating system.

At manufacturing plants, significant factors influencing profit change are the process of calculating the net cost of goods and the methods for distributing indirect production costs, including the part that is considered as permanent. The value of the production cost depends on the following: a) method used to distribute indirect costs (variable and fixed) between finished goods and the work in progress; b) amounts of fixed indirect production costs related to the net cost of finished products and their part written off for current expenses of the enterprise when using partial equipment capacity; c) methods of distributing indirect production costs between products in net cost calculation.

Thus, techniques and methods used for calculating the true cost value of finished products are in turn significant factors influencing the profit and its change.

One more factor also influencing profit change concerning the estimation of corporate inventory in terms of net sale value on the reporting date in the situation where the actual net cost is higher than the net sale value, is worth to be mentioned. In this case, adjustments regarding inventory impairment [4, p. 83] are recorded as expenses and are reported separately in the nominal account. At trade enterprises, the essential factor influencing profit is the determination of the goods' cost of sales and calculation of the trade allowance on sold and unsold goods.

The above-mentioned inventory recognition and valuation factors, as well as other valuation changes associated with the inventory receipt, use and disposal should be clearly described in accounting policies in order to anticipate the predictive impact of most effective ways for improving profitability when making management decisions.

Corporate economic activity consists of operations with revenues and expenses, which are the basis for the determination of financial results. The results are characterized by profit or loss, which depends on the ratio between revenues and expenses as elements of accounting.

Corporate revenues are often recognized in the process of increasing economic benefits due to receipt of assets, increase in their value or decrease of liabilities for appropriate reasons. Revenues are estimated using the amount of net value of goods sold, services provided, received or expected to be received by an economic entity. In addition to the "Revenues" accounting standard, methods of recognition and valuation of various revenues from other activities are defined in the standards on construction contracts, leasing contracts, reserves, long-term assets and in other NSAs. In the accounting policies of the enterprise, the main focus is on the choice of those methods and techniques, i.e., factors of influence on profit that will most effectively affect the final operational financial result. Taking into account the factors that influence changes in profit in terms of revenues, again it is necessary to adhere to the principle of space and time, that is, to recognize the revenue as current or attribute it to future periods, and perhaps this deal reflects no revenue at all. Along with this, the magnitude of the impact on profit change is very clearly tracked by how accurately and timely the proportion of future long-term revenues will be related to current revenues. For example, if the amount of rent is received in advance for 3 years, then one thirty-six share of the earlier assigned amount to long-term revenues of future periods should be attributed to the current monthly revenues.

In addition to revenues from the sale of products and goods, and also revenues from various services rendered, the company can supplement its revenue portfolio with dividends for the use of its property by other entities, interest for the loans and credit lines granted, and by royalties for the use of intangible assets. Identification and recognition of the above-mentioned revenues in accounting, as well as recognized expenses, is carried out on the basis of fundamental principles of accounting, which are the accrual method and the prudence method. The first of them requires the recognition of revenues and expenses as facts of economic content, but not at the moment of payment or receipt of cash. In this case, the accountant should keep track of the moments of accrual, and hence the recognition of revenues or expenses from the processes of their change. It is important not to allow recognition of revenues or expenses on a cash basis, but on an accrual basis. The prudence concept also has a significant impact on the corporate profit, on the basis of which a fair and fact-based reporting of financial results in financial statements is achieved. This method does not allow overestimation of assets and revenues and underestimation of expenses and liabilities. However, the amendments to accounting standards enacted as of 01.01.2020, recommend making corrections in revenue and expense accounts due to correspondence adjustments by reducing the amounts on accounts of grades 6 and 7. In this case, for the purpose of objectivity of analysis results and determination of real factors, it is necessary to take care not to underestimate the expenses and overestimate the revenues of the enterprise, which affect the actual change of the former and the latter.

Expenses recognized and accounted for in financial accounting are the most difficult and vulnerable factor in situations of profit-making and determination of taxable profit. In accounting policies, it is important to describe, as far as possible, the most detailed list of such expenses as sales expenses, administrative expenses, and other operating expenses. It is reasonable to separate certain items from the list of items recommended by NAS into groups of predicted (planned) and unproductive ones, that is, unforeseen with regard to financial results. Analytical accounting of expenses should be conducted in ledgers on a cumulative total from the beginning of the year according to the pre-established structure of items; the corresponding nomenclature list must be included in the accounting policies.

From our point of view, accounting of expenses on subaccounts of synthetic accounts 712, 713, 714, recommended by the General Plan of Accounts, does not allow to reveal the true content of expenses for their analysis, since the synthesizing of expenses into separate groups on subaccounts decreases the possibility of their analytical study in terms of recognition and valuation of the corporate expenses.

We believe that the problems of recognition and valuation of accounting elements and their reflection in accounting policies deserve more attention and require further research from the position of choosing effective factors of their influence on the financial results.

## 5. Conclusions

Based on results of studying the aspects of recognition and valuation of accounting elements and their influence on the corporate profit formation, the author made the following conclusions:

1) In order to reflect the transparent content of accounting policies and to consciously understand the recommended methodological accounting methods and techniques for recognition and valuation of accounting elements, we recommend carrying out a preliminary analysis of an effective impact of numerous options and methods of calculation provided for by legislative and regulatory acts on the financial result.

Thereby, accounting and other management bodies will be able to maximize the positive factors for increasing the accounting profits and minimize factors negatively affecting it.

2) Bearing in mind the importance of the contractual policy in considering the influence of various contractual factors in the acquisition (shipment) of goods and materials, provision of services and execution of works between the supplier and the buyer (the customer and the contractor) on changes of revenues and expenses of the parties of such contractual relations, we consider it reasonable to separate the content of the basic most effective conditions provided in the concluded contracts regarding the mentioned accounting events of a company in a special section in the accounting policies. This will predetermine the impact of relevant factors on the recognition of obligations, receivables, as well as on the revenues and expenses of those deals.

3) In order to combine clarity and transparency between the requirements of normative and legislative aspects of financial accounting, and the provisions contained in the Tax Code of the Republic of Moldova, when determining the accounting profit, we consider it necessary to separate the content of tax policy as an individual item (section) in the accounting policies, thus providing a practical opportunity to simplify and facilitate the calculation of the main taxable obligations.

## REFERENCES


1. Law on Accounting and Financial Reporting No. 287 of 15.12.2017. Official Monitor of the Republic of Moldova No. 1-6 of 15.01.2018.
2. National Accounting Standards (as amended since 01.01.2020), approved by the order No. 48 of 12.03.2019 of the Minister of Finance. Official Monitor of the Republic of Moldova No. 101-107 of 22.03.2019.
3. Accounting. Textbook edited by Doctor of Economic Sciences, Professor Ya. V. Sokolova. – Moscow: Prospekt Publishers, 2008, 776 p.
4. TUHARI, T. Accounting of evaluation and depreciation of goods in retail trade. ETC 7 International Conference "The impact of globalization on national economies". Bacau, Romania, 14th-15th of November, 2019, pp. 80-85.
5. TUHARI, T. Standardization of accounting for revaluation and impairment of goods. National Scientific and Practical Conference "Inovația: factor al dezvoltării social-economice», Issue IV. March 13, 2020. - Cahul: US „B. P. HASDEU", pp. 18-24. ISBN 978-9975-88-058-9.
6. NEDERITSA, A. Practical recommendations for determining and applying the threshold of materiality according to the new National Accounting Standards. Contabilitate și audit. 2015, No 8, pp. 11-17. ISSN 1857-159X


---


**_Rezumat_**

*Standardizarea și condițiile internaționale ale globalizării contabilității brusc au schimbat conținutul acesteia din punct de vedere economic și juridic. Arta contabilului se pronunță nemijlocit prin posedarea profesională a previziunii celor mai eficienți factori de influență care afectează starea, creșterea profitabilității și obținerea unei rentabilități avansate a activității entității.*

*Sistemul organizării contabilității se bazează pe principiile recunoașterii și evaluării elementelor contabile, printre care se prezintă activele imobilizate și circulante, pasivele, reprezentate de capitalul propriu și datorii, precum și veniturile, cheltuielile, costurile determinate în rezultatul desfășurării activității economico-financiare a entității. Starea și modificarea elementelor enumerate depind de eficiența motivației condiționate de selectarea diverselor procedee și metode de recunoaștere și evaluare a acestora recomandate de actele legislative și normative contabile.*

*Prin prezenta lucrare sunt cercetate situații de natură economică și juridică care cer respectarea calității obiectivității și autenticității contabilității în procesul executării cerințelor Standardelor Naționale de Contabilitate (SNC). Model de respectare ale condițiilor de bază ale SNC sunt politicile contabile elaborate* *anual în fiecare entitate a Republicii Moldova. În lucrare se examinează unele probleme privind conținutul politicilor contabile din perspectiva influenței diferiților factori de recunoaștere și evaluare a elementelor contabilității financiare asupra modificărilor profitului contabil.*

*Problemele conținutului politicii financiare sunt studiate de autor din punctul de vedere al caracteristicilor politicilor contabile, fiscale și contractuale și al influenței asupra profitului a unui complex de factori determinați de administrarea entității prin prisma recunoașterii și evaluării elementelor contabile corespunzătoare. În practică, politicile contabile conțin dezvăluirea insuficientă a procedeelor și metodelor de recunoaștere și evaluare a elementelor indicate mai sus, fără o analiză economică a cauzei și efectului eficienței influenței acestora asupra rezultatului activității financiare. Acest lucru este demonstrat de datele politicilor contabile ale unui șir de entități, prezentate de studenții universității în perioada de practică din anii 2018-2019. În acestea se tratează, în cel mai bun caz, doar enumerarea cerințelor generale ale standardelor corespunzătoare fără o analiză întemeiată a eficienței unui procedeu, unei metode în interesul activității rentabile a entității.*

***Cuvinte-cheie**: politici contabile, elemente contabile, factori de recunoaștere și evaluare a elementelor contabile, profit și pierdere, rentabilitate, venituri, cheltuieli, costuri*

***Аннотация***

*Стандартизация бухгалтерского учёта и международные условия глобализации резко меняют его содержание как с экономической, так и с юридической точек зрения. Искусство бухгалтера проявляется посредством его профессионального владения предвидением наиболее эффективных факторов, влияющие на состояние и рост прибыльности и достижения высокой рентабельности деятельности предприятия.*

*Система организации бухгалтерского учёта строится на принципах признания и оценки элементов бухгалтерского учёта, которыми являются активы долгосрочные и оборотные, пассивы, состоящие из собственного капитала и обязательств, доходы, расходы, а также затраты полученные в результате хозяйственно-финансовой деятельности предприятия. Состояние и изменения указанных элементов зависит от эффективности выбранных из разнообразных методологических приемов и методов их признания и оценки рекомендуемых нормативными и законодательными актами по бухгалтерскому учёту.*

*В настоящей работе исследуются ситуации как экономического, так и юридического характера, при которых должны соблюдаться качества объективности и достоверности учёта в процессе исполнения требований Национальных Стандартов Бухгалтерского Учёта (НСБУ). Моделью в соблюдении основных условий НСБУ являются ежегодно составляемые учётные политики хозяйствующими субъектами Республики Молдова. В работе рассмотрены некоторые проблемы содержания учётных политик с позиции влияния различных факторов, связанных с признанием и оценкой элементов финансового учёта на изменения бухгалтерской прибыли.*

*Вопросы содержания финансовой политики рассмотрены автором под углом зрения характеристик учётных, налоговой и договорной политик и влияния на прибыль комплекса факторов определяемого администрацией предприятия при признании и оценке соответствующих учётных элементов. На практике учётные политики содержат недостаточное раскрытие приёмов и методов признания и оценки указанных выше элементов, без конкретного экономического анализа причин и следствий эффективности их влияния на финансовые результаты деятельности. Об этом свидетельствуют данные учётных политик ряда предприятий представленных студентами-практикантами университета за 2018-2019 годы. В них трактуется, в лучшем случае, только перечень общих требований соответствующих стандартов без аналитического обоснования эффективности определяемых приёмов, методов в интересах рентабельной деятельности предприятия.*

***Ключевые слова**: учётные политики, элементы бухгалтерского учёта, факторы признания и оценки элементов бухгалтерского учёта, прибыль и убытки, рентабельность, доходы, расходы, затраты*

*Received 06.11.2020*
*Accepted 23.12.2020*
*Published 30.12.2020*

ISSN 2345-1424 http://jrtmed.uccm.md E-ISSN 2345-1483

**Journal of Research on Trade, Management and Economic Development**
**VOLUME 7, ISSUE 2(14)/2020**

# IMPLEMENTATION OF THE 2030 SUSTAINABLE DEVELOPMENT OBJECTIVES IN THE FIRST STAGE

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

**Irina RAEVSKAIA, PhD student**
State University of Moldova
*E-mail: irinaraevskaia@gmail.com*

**Victoria MORARU, MBA**
Sr. Buyer/Planner, San Diego, California
*E-mail: vsmoraru@yahoo.com*

**Universal Decimal Classification: 330.3 : 614.144 + 314**
**JEL Classification: Q01, L66, Q18**

***Abstract***

*The agenda for sustainable development after 2015 for a period up to 2030 adopted by the UN is a global frame of work in full harmony with the principles of human security. 17 goals and 169 tasks are the components of this document and represent continuation of the Millennium Development Goals set in 2015. Achieving the goals and tasks set by 2030 will determine the prosperity of the entire planet and the global well-being of the population. Considering that the first cycle of sustainable development is coming to an end, the aim of this research is to outline some achievements obtained during this period with priority in the areas of eradicating poverty, hunger and malnutrition, ensuring food security, improving the state of the nutritious food as a result, and the sustainable development of agriculture. After a relatively long period of reducing the size of hunger and malnutrition (in 2015 – 784 million people affected by this scourge), the next three years followed with the spike in hunger and malnutrition (in 2017 – 821 million people), which proves the practicality and the need to continue to study the given issue.*

***Keywords**: sustainable development, hunger, poverty eradication, food security*

## 1. Introduction

The era of the eight Millennium Development Goals (MDGs), launched by the world heads of state and government under the auspices of the UN in 2000 to eradicate extreme poverty, hunger and improve human life by achieving universal access to secondary education, promoting gender equality, reducing mortality of children, improving maternal health, combating mass diseases, ensuring a sustainable environment and creating a global partnership for development, ended on 31 December 2015. People must not know poverty, humiliation, hunger, can lead a dignified life, have decent jobs, medical services, social services, a healthy habitat and environment. The launch of the Millennium Development Goals (MDGs) has created an effective platform for global cooperation. Achieving goals and tasks was in line with the expectations.

According to the World Health Organization's publication in the "UN Millennium Development Goals Report 2015," the measles vaccination prevented the death of 15.6 million children in poor countries, and 6.2 million people were saved from malaria between 2000-2015.

The UN Millennium Development Goals Report (2014) states the maternal death decreased by 45% in 1990-2013. The "Education for All" publication the by Global Monitoring Report (2015) emphasized that global population has to put an end to the gender discrimination in primary education, promoting gender equality and women's empowerment.

Also, in the previously mentioned UN Millennium Development Goals Report (2015) it was estimated that in the 1990-2015 around 2.6 billion people have improved their access to water sources. Positive results were also obtained for the Millennium Development Goal No. 1, which aimed to eradicate poverty and reduce the number of the population suffering from hunger by 50% by 2015 by ensuring and integrating people able to work in decent production conditions. Poor regions have shrunk. Of the 129 monitored developing countries, 72 performed task number one of the MDGs. The population suffering from hunger decreased from 1.01 billion people (18.6% in 1991 of the total population) to 795 million (10.8% in 2015) [1]. Only a few presented excerpts demonstrate the grandeur and significance of the Millennium Development Goals launched in 2000 by saving tens of millions of lives, women, children, the eradication of extreme poverty, hunger.

Despite the combined efforts of the states, some objectives did not have an ascending linear development that did not allow to obtain the predetermined results. The subjective factors, such as the lack of political will of some developed states, are added to this; however, the progress in developing the Millennium Development Goals has been substantial but uneven, especially in some countries in Africa, South-East Asia, as well as in some landlocked and island developing countries.

Among the cases and objective factors that had an impact during the achievement of the Millennium Development Goals we identify the further intensification of the internationalization, globalization processes and interstate integration that increase the interdependence of the national economies, increasing inequalities between different social strata within and between countries. Unemployment remains a global threat, and especially youth unemployment, with increasing proportions in the distribution of economic opportunities, power and wealth. Climate change is intensifying due to global warming, droughts, desertification, trends of unbearable heat, earthquakes, floods and forest fires of catastrophic proportions. Irresponsible exploitation of natural resources leads to their depletion, and excessive deforestation contributes to the land degradation, destruction of bio resources, disappearance of water resources, worsening human habitat, threatening its health, diminishing countries' ability to ensure sustainable development strategies. Such circumstances and economic, social, and environmental factors can trigger extremist movements, form various paramilitary or terrorist groups, create humanitarian crises and forced mass migration. The negative effects occur primarily in countries that do not have sufficient capacity to deal with the tense situations in the economy, in society, the natural scourges with catastrophic consequences. In addition to these negative circumstances with an impact on the food security, the concept of human security is not limited to food. Human security is universal, all-encompassing, impartial and perceives redemption, and let's not forget fear, misery, poverty, humiliation, social isolation. It encompasses job security, medical services, civilized sanitary conditions, to have a healthy habitat, to have universal access to education, to be protected from the danger of all kinds of never-ending territorial conflicts.

The Goals and Tasks on the Agenda for Sustainable Development to 2030 are a continuation of the Millennium Development Goals, but are much broader, presenting in themselves a set of universal goals with a global mini-character to meet the ancient and current economic, social and ecological challenges of a mankind, and to correspond to the universal fundamental significance of the dignity of the human personality. This universal program has the task of solving inequalities in the pace of economic development between states, creating modern jobs, developing rural cities and towns, necessary infrastructure, industry and energy system, modern agriculture in the poor countries. In the field of ecology, projects are planned to protect the seas and oceans, forests, soils, ecosystems and set of measures are being created to stabilize the climate change. There is the question of a responsible increase in the consumption and production of material goods. The authors of the article cannot and do not intend to analyze the magnitude of this new agenda that includes the global economic, social and environmental objectives over a period of 15 years. The first cycle of sustainable development is coming to an end. The purpose of this foray is to review some issues related to tackling poverty, hunger and malnutrition in the first stage of launching this grand program.

## 2. Degree of investigation of problems at the current stage

Monitoring, analysis and development of proposals on food insecurity, poverty and hunger in all its forms have been and are being carried out by the UN through its relevant bodies. The FAO has a special role to play in this. The concept of food security and the notions related to hunger, malnutrition, poverty were developed at the World Conferences on Food, Environment, Climate Change, on landlocked poor countries, island countries conducted by FAO with input from other organizations in the field of the UN system since the 1960s and which continued from 1970-2015.

In recent years, we often encounter in the literature the notion of food security determined by the 1996 World Conference on this subject, which falls into four categories: **availability, accessibility, stability** and **use** [2]. Practically, however, in order to obtain the expected results for these four pillars, it is necessary to literally change the world - a totality of factors, conditions, circumstances, tasks that can improve the standard of living. In this context, it is necessary to introduce a general respect for human rights into everyday life, ensuring the rule of law in all countries, developing relations between the people of democratic principles, regardless of race, color, religion, sex, language, political opinion, respect for ethnic and cultural diversity, without internet or interstate conflicts, avoiding the hostile resentments, violence, coercion, implementation of rational and responsible consumption patterns of air, land, river waters, lakes, seas and oceans, underground riches, and forests. In order for the poor people to have the necessary volume and structure of food , they must be provided with jobs, legal salary for legal work, with adequate remuneration able to guarantee not only economic access to food, but also to cover the daily expenses. A prerequisite for gaining a job is the realization of the universal right to education. In addition to all this, people have the right to have access to energy sources and drinking water as needed, to medical, social and unemployment assistance, incurable diseases, disability, old age at sanitary conditions and civilized hygiene, to live in an environment ecologically established and healthy.

Summarizing what we said, we conclude: theoretically, the level of global food security can be calculated through a large number of indicators that together form the four pillars. Practically, however, food security cannot be achieved if the people of poor countries are not freed from fear and misery - which is proclaimed as the highest aspiration of the people. Human well-being includes, in addition to food, clothing, housing, the right to pay, medical care, social services, a healthy habitat. So, the research started from poverty, hunger, malnutrition, continued with food security and reached the well-being of the population, the quality of life, which includes a lot of indicators from the economic, social, environmental sphere. Respectively, over the years World Health Organization, International Fund for Agricultural Development, World Food Program, United Nations Development Program, United Nations Children's Fund, as well as and the World Bank, International Monetary Fund, USAID have contributed to the analysis of the respective materials. The contribution of these organizations has broadened the concept of food security, rendering new values that correspond to current realities.

In the 90s of the 20th century the search to identify goals and tasks that will ensure a better standard of living intensified. Not coincidentally, in the Millennium Development Goals program launched in 2000, the goal of eradicating extreme poverty and hunger is ranked first out of eight.

Shortly after the launch of these objectives, consultations and searches began on the development of the next program for the period 2015-2030, which ended with an action document of people around the world designed to eradicate poverty and hunger in any form as a global condition of sustainable development of the world economy.

The plan for the period 2015-2030 contains a whole set of objectives and tasks - 17 and 169 respectively. They are all-encompassing, universal, impartial for both lagging and developed developing countries, tasked with ensuring bottom-up sustainable development, balanced in all three components: economic, social and ecological.

This document is in full harmony with the fundamental rights and freedoms of man, the principles of his security, the conception "of the world free from poverty, need, famine, disease and misery, ... free from terror, violence, oppression ... the world in which all have universal access to quality studies, medical services, social insurance, ... to drinking water, sanitation, harmless food at affordable prices, nutritious, in which the human environment is secure, able to oppose negative phenomena, an ecologically stable environment ... in which common access to stable energy resources is ensured at acceptable prices [3].

The resolution of the General Assembly voted by the leaders of the world states reflects the objectives and tasks selected for the next 15 years, which aim to solve problems of common interest and can be solved only through joint efforts of developed, less developed and poor countries, the specific needs and vulnerabilities of each of them.

The applicability of these objectives and tasks, as well as the results, are global. While maintaining the balance of the necessary proportions between the economic, social and ecological components through sustainable development, the signatory states of the document undertake to eradicate poverty and hunger in any form, to improve the quality of life and standard of living of the people.

FAO has expanded its work in recent years. In 2015, this organization undertook studies on agricultural and food production losses throughout the chain from production to retail in order to identify the critical segments in which losses reached their highest levels. At the moment, FAO estimates 14% of the world's food that is lost from post-harvest up to, but excluding, the retail level. Reduction of these losses will contribute to the reduction of prices for given products, improve food security and sustainable environmental development.

Objective 12.3 of the Agenda stipulates "By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses" [4].

Reducing food losses and alterations can contribute to:

a) achievement of Objective 2 - eradication of hunger, ensuring food security, improving food and sustainable development of agriculture;
b) Objective 6 - streamlining the use of freshwater resources, and, as a result, ensuring the positive impact on the environment.

## 3. Applied methods and materials

The concept of food security or insecurity brings together several aspects, elements from different interdependent areas. These notions are indisputably dependent on the results of agricultural activity, processing of agricultural products, commercial activity, population income, exchange rate volatility, climate change causing natural cataclysms - earthquakes, drought, floods, catastrophic forest fires, social unrest, etc.

In turn, hunger and chronic malnutrition cause children up to 5 years of age stagnant growth, exhaustion; in mature people – obesity; in women of reproductive age - anemia.

Accessibility to food is a multilateral category and depends on the price coefficient of these goods which, in turn, respond to the most insignificant economic, trade, currency fluctuations, demographic, political, social, climate. Equally complex and dynamic are the volume and structure of consumption.

In order to analyze the numerous interdependent connections that form food security, different scientific normative methods are used, numerous indicators that, only in their entirety, can explain the real situation with food, as well as the repercussions of poverty, chronic severe hunger economically and socially.

In recent years, in the FAO analysis carried out in partnership with other organizations in the UN system, included the new indicators, and namely the level of severe food insecurity and prevalence of undernourishment (PoU) by country. Some indicators or methods are developed by specialists in various fields at the request of FAO or other organizations in the UN system in partnership with FAO.

Considering that food security is studied at individual, family, community, national, regional and global level, the research methodology uses various tools such as analysis and synthesis, comparative methods, deduction.

We briefly outline below the three methods that are frequently repeated in the analysis of the given subject. The *historical research method* allows us to evolve the evolution of the hunger and poverty phenomena, the growth rates of population, agricultural production in previous time periods in comparison to those of the current stage.

The *balance method* allowed us to analyze the ratio, including the sum of arable land, and in some countries, the ratio between the agricultural production and their level of processing, nutritional structure of the feed rate including the share of cereals, other Phyto technical plants in energy value, and those of animal origin, the share of food expenditure in the budget of poor families, the degree of dependence on imports of agricultural products into poor countries, etc.

The *statistical method* allowed the analysis of national, regional and international statistical indicators on the development of the agricultural economy, food industry, food supply, correlation between population growth and food volumes produced in different countries, geo economic areas, etc.

As a guideline metric, the volume of cereals produced is measured by the graduated scale that determines the level of food security. The arguments in favor of this idea are the following:

a) direct to consumer cereal and the derived products provide around 50% of the consumption necessary to obtain the energy that humans need to lead a healthy and active life;
b) cereals are accepted in the scientific literature and in the practice of economic relations as a barometer of the food safety, because they are less perishable, can be stored, transported, processed at any time of the year;
c) being a strategic product, cereals have a constant consumption on the internal and external market.

According to FAO specialists, the global food security is calculated in the number of days of consumption. It is considered to be "ensured" in the conditions when the cereal harvest allows a normal consumption for a period of 14 months. Such volume creates a food stability over a period of 12 months and a reserve for 2 months of consumption in case of exceptional situations. The methodology of research uses the following notion of food security adapted to the 1996 World Food Summit: the state in which everyone in one country or another at any given time has physical, social and economic access to quantitative food and nutritious to meet the requirements and needs that ensure an active and healthy life. The following indicators are used to monitor and analyze this notion:

- the level of accessibility to food;
- the effective and sufficient existence of food;
- the level of food quality and safety;
- actual food consumption.

Several indices were used to determine each indicator, the significance of which is measured over 2 years.

Methodology plays an important role in monitoring and analyzing the achievement of the objectives set for the period 2015-2030 through a set of global indicators developed by the specialists in different fields. These indicators are validated by the responsible UN bodies.

Another set of indicators is used by the national governments to monitor each nation's contribution to solving the global problems. Around 300 indicators are developed and used in total. The progress of the objectives and tasks are analyzed in the annual reports presented by the UN Secretary-General.

To complete the chapter on research methodology on this topic, we cannot omit the studies conducted by the Economist Intelligence Unit - an analytical subdivision of the British Economist journal. This research company conducts studies to determine the Food Security Index and based on the rating of each country, the level of food security achieved. These studies present a whole set of indicators that characterize the state of food security in each country in the world being studied.

The food security index practically analyzes state policy and the effectiveness of organizational work in this area and is used by the governments as a tool to analyze operational issues related to food security to improve the situation.

## 4. Obtained results and discussions

### Achieving the Objectives on sustainable development in the first stage

September 2020 marks the first five years since the launch of the Agenda for the period up to 2030. The material below presents a brief foray into the results achieved during this period. Priority is given to the achievement of Objectives 1 and 2 of this program, as well as the objectives that contribute to the development of the concept of human security, especially of the strategies that contribute to the creation of sustainable configurations for social upheavals, natural cataclysms, people’s protection from constant dangers, lucid poverty, sudden illness, violence, repression, fear, humiliation.

The Sustainable Development Goals were developed on the basis of the achievement of the Millennium Development Goals, and in particular, Agenda 1 - Eliminating Poverty in All Forms Everywhere, and Goal 2 - Eliminating hunger, ensuring food security, improving food, providing the necessary support in the sustainable development of agriculture in particular is based on the results of Goal 1 - Eradicating extreme poverty and hunger from the Millennium Development Goals program.

The results of this program are remarkable: the share of the population living in conditions of severe poverty decreased from 39% in 1990 to 16% in 2010 and then to 10% in 2015. After 2015 the rate of poverty reduction slowed down, the share of those who continued living in poor conditions went down only to 8% despite the fact that some of them were provided with jobs.

Agenda 1 aims to reduce the large size of severe poverty. The share of the population that will continue to suffer from lucid poverty by 2030 is calculated at a level below 3%. According to the forecasts of specialists, Objective 1 will not be met. The share of the population that will continue living in lucid poverty will be 6%.

An effective measure to prevent poverty is social security. In 2016, around 4 billion people (55% of the world's population) did not receive any kind of subsidy, allowance as a form of social protection. In European and US countries, 87% of the population has social protection, while in sub-Saharan African countries only 14%.

At the same time, only 22% of the unemployed receive cash benefits for unemployment.

Natural disasters usually have a negative impact on socio-economic growth rates and increase of poverty. The direct economic losses in the years 1998-2017 amounted to 3 trillion US dollars, 77% of them were caused by climatic or geographical catastrophes which meant an increase of poverty to 151% compared to the indicator for the period 1978-1997. The loss of human lives from the disasters amounted to 1.3 million people.

Objective 2, as noted above, contains several interdependent tasks: eradicating hunger and ensuring food security, improving food and supporting the sustainable development of agriculture.

In 2015, the number of people who continued to starve went down to 785.4 million - the result of the implementation of Objective 1 tasks in the Millennium Development Goals program launched in 2000. But every year after that the number of people enduring hunger and malnutrition increased (see table no. 1).

**Table 1. Number of people suffering from malnutrition, 2005-2018 (millions)** [5]

| Indicators | 2005 | 2010 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|
| Worldwide total | 947,2 | 822,3 | 785,4 | 796,5 | 811,7 | 821,6 |
| Africa | 196.0 | 199,8 | 217,9 | 234,6 | 248,6 | 256,1 |
| Asia | 688 | 572,1 | 518,7 | 512,3 | 512,4 | 513,9 |
| Latin America and the Carribean Basin | 51,7 | 40,7 | 39,1 | 40,4 | 41,7 | 42,5 |
| Oceania | 1,8 | 1,9 | 2,3 | 2,4 | 2,5 | 2,6 |
| North America and Europe | Lack of data | Lack of data | Lack of data | Lack of data | Lack of data | Lack of data |

The analysis of the distribution of people who suffers from malnutrition in the regions of the world shows that several of them (over 500 million people) are residents of Asia. In Africa this index is growing as well - over 256 million, 90% of them live south of the Sahara.

After many years since the 1990's, the level of world hunger was steadily declining. In 2015, this trend was reversed. In the last 3 years, the number of those suffering from hunger has increased and in 2018, as indicated above, it reached 821.6 million, a little less than 11% of the world's population, which means every 8th person in the world goes to bed hungry. The geography of hunger began to spread in Latin America (albeit at a slower pace). North America and Europe also face hunger - almost 8% of the American and European population.

The repercussions of chronic hunger and malnutrition are appalling. Children's growth failure rate in the poorest countries was declining since the beginning of 2000s, but in 2018 this index began to rise again. The number of children who suffered from it has reached 149 million, which it means that every 1 out 5 children was impacted. In the same year, 49 million children up to 5 years old suffered from hypotrophy, and on the flip side, the in same age category 40 million (5.9%), and 131 million of the 5-9 years of age (20.6% of the total of 638 million) were overweight and obese according to the World Health Organization. Among the adolescent children of ages between 10-19 years - 207 million are overweight (17.3% of the total of 1.2 billion adolescents). In mature people from the age of 18, the overweight population is 2 billion people (total population in this group - 5.1 billion people) [6]. In most countries (52 out of 65 monitored) malnutrition increase correlated with the slowdown of economic growth and decline in 2011-2017, and the increase of the absolute dependence of exporting countries or importation, primarily of the raw materials.

In March 2020 FAO publishes “Countries in need of external assistance for food”. The report groups 44 countries, of which 34 from Africa, 8 from Asia and 2 from Latin America and the Caribbean. These countries have accumulated an excessive deficit of food products and reserves. The food crisis these countries are in is caused by three broad categories, namely:

- countries that have encountered an exceptional lack of production and small supply in the food chain;
- countries where there is a lack of access to food for most of the population, which cannot receive an item in local markets due to very low incomes and high prices;
- countries with a severe lack of food security at the local level due to the influx of refugees.

In 2019 Zimbabwe’s vulnerability was measured by 5.5 million people lacking food, and 3.8 million people were in need of food assistance. In this country the reserves of cereals have decreased due to a natural disaster (Tropical Cyclone Idai hit Zimbabwe on March 16 and 17, 2019), the prices of food products have increased excessively, at the same time the economy has suddenly declined creating high unemployment rate and inflation.

Kenya suffered from drought during the years 2017-2018. The torrential rains that started in May of 2017 left thousands of families displaced by the floods and mudslides. Bridges and roads have suffered damages and livestock was lost. Between October 2019 and January 2020 around 393 thousand people suffered from the floods, unable to provide for their family’s basic needs. Due to vulnerable weather conditions 3.1 million people were food insecure.

In the Democratic Republic of Congo (DRC) the civil insecurity remains. Ongoing military conflict between DRC and Rwanda undermines the efforts from improved harvesting methods, leaving very small levels of country’s grain reserves. Around 13.6 million people suffer from acute food shortages and malnutrition. In February 2020, the World Health Organization announced that 3433 people suffered from the disease caused by the Ebola virus, of which 2249 people had died.

Generalizing this topic, we can conclude: the population of these 44 countries with excessive deficit of food suffers from hunger, malnutrition, lack of food security due to small volumes of actual production or the total lack of these funds. The large disproportions between supply and demand cause high food prices. Due to low incomes, the population does not have access to the necessary food. Less developed countries do not have the economic and technical potential to modernize the agriculture, they lack the means to fight the drought, catastrophic floods, massive fires.

To conclude this brief review on the progress of Objective 1 and Objective 2 of the 2030 Agenda, we will stop on a few passages on the Food Security Index for 2018. This global research was executed by the British research company The Economist Intelligence Unit, a subdivision of the British journal Economist, with the support of the American transnational company DuPont, and included 113 countries, accompanied by the ranking of countries according to the level of food security.

The research presents the analysis of three groups of indicators on food security in countries around the world:

- level of access and consumption;
- the existence and sufficiency of food products;
- the level of food quality and safety.

These groups of indicators include 28 different sub-indicators, the significance of which has evaluated over a period of 2 years. Based on these assessments, the ranking of the countries of the world is determined in accordance with the Food Security Index.

The higher the country's rating, the more developed food security. Below is a group of countries with the highest and the second group with the lowest rating level.

**Table 2. Rating of the countries of the world according to the level of food security. The Economist Intelligence Unit:The Global Food Security Index 2018** [7]

| Rating | Countries | Accessibility | Existence and sufficiency | Quality Level | Index |
|---|---|---|---|---|---|
| 1 | Singapore | 94.3 | 81,0 | 78,1 | 85.9 |
| 2 | Ireland | 87,3 | 83,6 | 84,8 | 85,8 |
| 3 | UK | 82,6 | 88,8 | 80,4 | 85,0 |
| 4 | US | 86.8 | 83,2 | 85,4 | 85,0 |
| 5 | Netherland | 82,8 | 86,1 | 85,1 | 84,7 |
| 6 | Australia | 84,3 | 82,6 | 85,4 | 83,7 |
| 7 | Switzerland | 82,2 | 86,1 | 79,8 | 83,5 |
| 8 | Finland | 81,3 | 84,2 | 83,0 | 83,2 |
| 9 | Canada | 81,9 | 84,4 | 83,0 | 83,2 |
| 10 | France | 80.5 | 83,8 | 86,5 | 82,9 |
| … | … | … | … | … | … |
| 104 | Nigeria | 22,5 | 45,1 | 30,2 | 33,7 |
| 105 | Zambia | 19,9 | 48,7 | 27,0 | 33,7 |
| 106 | Haiti | 28,0 | 39,6 | 27,5 | 33,0 |
| 107 | Malawi | 18,0 | 44,7 | 34,8 | 32,4 |
| 108 | Republic of Chad | 22,3 | 38,6 | 35,2 | 31,5 |
| 109 | Sierra Leone | 21,8 | 35,9 | 29,0 | 29,2 |
| 110 | Yemen | 29,0 | 31,0 | 20,3 | 28,5 |
| 111 | Madagascar | 12,4 | 42,0 | 22,5 | 27,0 |
| 112 | Rep. Kongo | 14,3 | 36,0 | 28,3 | 26,1 |
| 113 | Burundi | 14,7 | 30,0 | 30,6 | 23,9 |

To summarize the development of Objective 2 tasks requires to take into account the presented results, the dynamics of change, trends of economic slowdown and economic downturn that were accompanied in recent years by the spread of hunger and malnutrition in the developing countries, economic and technical inferiority, lack of capacity to counteract these phenomena.

The Covid-19 pandemic has exacerbated the situation of hunger and malnutrition in 30 other countries, according to UN data. The UN believes that in 2021 the world may face a humanitarian crisis. It will be the largest in the last 75 years due to continued due to armed conflicts and the coronavirus pandemic. Under such conditions, achieving Goal 2 to eradicate hunger by 2030 is proving to be an increasingly complicated task [8].

Goal 3 is dedicated to ensuring a healthy living, providing support for increasing well-being, and prosperity for everyone regardless of age.

The volume of funding from all sources that were allocated to the development of the basic health system in the period 2010-2017 increased by 61% and amounted in 2017 to 10.7 billion US dollars.

Progress has been made in the area of child mortality up to 5 years of age. In 2017, the mortality rate was reduced to 39 cases from 77 cases per 1,000 births in 2000. Infant mortality decreased from 9.8 million in 2000 to 5.4 million in 2017. In the period 2013-2018 almost 40% in the countries of the world, less than 10 doctors returned per 10,000 inhabitants, and in 98% of the poorest countries, medical services were provided by 40 nurses per 10,000 inhabitants.

Some progress has been made related to UN Objective 4- Quality Education. Since 2015 the worldwide number of children out of school has dropped by almost a half. Many more girls attended school than ever before, enrollment in primary education has reached 91%. Despite these positive moments, the progress in the developing regions was not big enough as 262 million children and young people aged 6 to 17 in 2017 did not attend school, and the level of education of half of students and adolescents did not meet the minimum standards for reading and math.

Issues that can ensure equality between men and women according to the objectives of Objective 5 have not gained an upward trend. In 90 countries, women spend three times as much time caring for children and working at home compared to men in 24 hours. Such occupations limit the time for women to work in paid jobs or study, which exacerbates inequality with men. The share of women is 39% of the total employed in the world economy, while the share of management positions held by women does not exceed 27%. In the environment, the gap in the remuneration of women compared to men is over 20% regarding the management staff, craftsmen, and craftsmen with adjacent specialties.

The uninterrupted supply of water, the rationalization of organized consumption of water resources, the satisfaction of basic sanitation for the entire population, these are the demands of Objective 6. At present, billions of people do not have access to safe water and basic sanitary conditions, lack sinks (washbasins) or other devices adopted for wash your hands with soap. In order to meet the tasks set by Objective 6 by 2030, it is necessary to double the pace of progress in this area. The share of the population consuming water through organized supply respecting the security requirements increased in the period 2000-2015 from 61% to

71%, and in 2017 the situation remained unchanged. Currently 785 million people are without any water supply services.

The number of the population that has access to secure health services increased from 28% in 2000 to 45% in 2017, and the share of the population that does not have basic sanitary conditions decreased from 44% in 2000 to 27% in 2017.

About 38% of the population in underdeveloped countries had basic conditions adapted to wash their hands with soap and water, which means that another 3 billion people do not have basic conditions for this procedure.

Access to energy sources in the poorest countries has widened. The renewable energy sector is actively developing, increase efficiency in this sector, but so far around 800 million people are living without energy and have to make special efforts to access green fuels and food preparation technologies. The share of the population with access to these services has increased from 37% in 2010 to 61% in 2017; however, almost 3 billion people use inefficient fuel and polluting food preparation technologies. The overall primary energy consumption intensity index (energy consumption per unit of GDP) improved from 5.9 in 2010 to 5.1 in 2016. Energy efficiency increased by 2.3% but remains compared to the figures set out in Objective 7.

Objective 8 is devoted to the development of the economy in an upward, comprehensive, sustainable way to create decent productive jobs for the full-time employment of all able-bodied people, transforming this mode of production into a driving force of progress capable of ensuring the means to achieve the objectives and pre-established tasks by 2030. For this, GDP in the least developed countries is projected to increase from 4.5% in 2017 to 5.7% in 2020 but does not reach the 7% burden set in the 2030 program. For the first time in 2018, labor productivity (calculated GDP at a place in the annual labor force) increased by 2.1% - the highest level since 2010.

Despite the combined efforts to reduce inequalities within and between countries, these issues, as before, are a matter of a serious concern. In 2011-2016 in 92 countries 40% of the poorest population earned less than 25% of the total income. Worries are being caused by the simultaneous increase of the income of the richest part of the population, which makes up 1%. Developing countries make up 70% of the members of the UN General Assembly and the World Trade Organization, who use “one member-one vote” system. Their share of votes in the IMF is much lower. The World Bank undertook changes in October 2018 in this regard. But in the best case, developing countries will receive 40% of the vote and the share that these countries represent as members of the World Bank - 75%. In order to reach the scope of the Objective 10, developing and the poorest countries have to be provided with an equal access to efficient financial services; exports from these countries to rich countries to be exempt from customs duties to increase aid to small and island countries.

In the world economy, resource consumption is rapidly increasing, including resource spending per capita. In order to move to a consumption built on rational models, Objective 12 requires urgent action to be taken to ensure the current consumption of resources does not lead to an environmental gradation.

Even though the global consumption of material resources increased from 87 billion tons in 2015 to 92.1 billion tons in 2017 (up 254% compared to 1970). Since the 2000s, natural resource extraction rates are constantly increasing. These high annual growth rates have become decisive over the past 20 years, creating an overburden on nature. Unless coordinated political action is taken by 2060, up to 190 billion tons of resources will be expected. To meet demand requirements in 1990, 8.1 tons of useful ores were consumed, and in 2015 this index has reached 12 tons. In order to change the paradigm in favor of rational consumption and production models, the regulatory basis and economic policies in the field require to change. In 2018 around 303 of such policies and instruments were developed by 71 countries in addition to the countries of the European Community. They will make resource consumption more efficient, reduce residues, implement the principles of sustainable development in economic sectors.

A major problem for all mankind has become an unannounced climate change. The aim of the Objective 13 is to develop urgent measures to reduce climate change that have a negative impact on the health of the population endangering food security, disappearing freshwater springs, causing migration of the population to a continental scale, diminishing economic development in recent years.

The emission of greenhouse gases is one of the major causes for the climate change. In 2017, the concentration of $CO_2$ gases in the atmosphere reached new records. This increase means an increase of 146% compared to the beginning of industrialization. In order for the global temperature to rise within the predetermined limits but no more than 1.5°C, it is necessary for the emission of gases to be compatible with the trajectory of the sustainable development of the world economy. Climate stabilization and stimulating sustainable development are two interdependent directions that complement each other.

In 2018, material losses caused by the natural disasters amounted to 186 billions of US dollars, in 2019 - 150 billions, insurance companies lost 52 billions, the largest losses in the last 30 years. A total of 820 natural cataclysms took place in 2019 [9].

The Paris Agreement within the United Nations Framework Convention on Climate Change has been ratified by 185 countries. Funding for the development of national plans for the adoption of countries to counter natural disasters and mitigate climate change has also been launched [10].

Investments of a significant volume are needed to achieve the Sustainable Development Goals by 2030. The required amount of investment is estimated to range between billions to trillions of US dollars. Funding to close the infrastructure gap in areas of water supply, basic sanitary conditions, public transport, energy development, irrigation, flood protection need to expand from 2% to 8% of GDP depending on the strategic direction selected by states. At the national level, it is necessary to align the financial system with national sustainable development strategies.

The national financial and technological resources of each state must be proportionate to the obligations assumed by the state. National states have the main responsibility for meeting the objectives of the Agenda by 2030. National governments are the driving force behind their own national strategies. As components of the global obligations in the given areas, they are involving civil society, private sector, necessary funding, technological resources and scientists in this process.

A special role is given to the Addis Ababa Program adopted at the Third International Conference on the Financing of the Sustainable Development Goals by 2030, which includes strategies in various areas, measures to support them and the necessary financial funds.

The need for annual investment expenditures to achieve the Sustainable Development Goals in all sectors is estimated by specialists at 5-7 trillion US dollars. Currently, the expenses incurred in 2016-2019 are far from necessary.

The Global Investment Alliance created in 2019 and supported by the UN, brought together management from 30 companies and began to play a significant role in mobilizing financial resources. In addition, there is a growing financial interest in the Sustainable Development Goals by 2030 thanks to the fact that these investments bring economic advantage and benefits. Achievements of the Objectives will open up market opportunities with a turnover of 12 trillion US dollars and will ensure the creation of 380 million jobs by 2030.

## 5. Conclusions

1. The efforts of several governments through partnership that have included the Sustainable Development Goals and Tasks to 2030 in their priority national strategic plans, mobilizing the necessary economic, technological and human potential, have made some progress in economic and social transformations. According to the report presented by the UN Secretary General at the 2019 Session, the positive trends in sustainable development, in the decrease of severe poverty and infant mortality, viral hepatitis infection were highlighted. In 2010-2019, the water areas that passed into the national jurisdiction and simultaneously passed in the category of the supervised ones have doubled. The access to electricity of the population from some of the underdeveloped countries has increased, the share of the population living in poor peripheral neighborhoods has decreased, unemployment has decreased to the level until the crisis of 2008-2009. Progress was made in promoting gender equality, as well as in attracting the means to implement this program.
2. The agenda for sustainable development by 2030 has grown: the necessary measures4 and the serious approach of some national governments are reflected in the progress made. The scale of the problems and the effectiveness of solving the objectives and tasks as a result set have attracted the attention of the local governments of major cities in the world, transnational corporations, civil society, academia and science.
3. Despite the huge changes that have been made to achieve “zero hunger” by 2030, the multi-annual downward trend in the number of those suffering from hunger in 2015 has been reversed. The number of people in need of food began to grow. At the same time, the number of people suffering from hunger increased from 804 million in 2016 to 821.6 million in 2018, which means that one in nine people sleeps on an empty stomach, and one in three suffers from malnutrition. Covid-19 has worsened the situation. According to UN estimates, the number of those who will starve will increase by another 130 million. In this environment Goal 2 "zero hunger” will be difficult to achieve by 2030 according to FAO estimates.

4. The symptoms of the spread of hunger, malnutrition, lack of food security have appeared in virtually all sub-regions of the African continent, Latin America, while malnutrition has remained stable in most regions of the Asian continent. Many underdeveloped countries are in a state of stagnation or economic decline. With the geographic spread of hunger, severe, extreme poverty has spread further. According to FAO experts' forecasts, the extreme poverty index by 2030 will be 6%. Goal 1, which calls for the eradication of severe poverty everywhere in any form, will not be met.

5. Currently, almost 2 billion people in the world suffer from a lack of food security in moderate or severe form. As a consequence of the lack of regular access to the necessary and nutritious volume of food, people are at risk of eating problems of relative quality and condition, and unsatisfactory health. So, due to the lack of food security in moderate or severe form, low-income and middle-income countries are impacted first, but the 8% of people in the USA and Europe also face these problems. Shocks and economic crises worsen the situation of severe food insecurity. Such problems also arise in underdeveloped countries with the slowing and decline of economic growth, where inequalities in the distribution of income and other resources causing social disparity have taken root.

6. It is concerning that insignificant progress has been made in reducing infant mortality, combating HIV/AIDS, tuberculosis and malaria since 2015. As a result of the increase in the population suffering from hunger and malnutrition, the number of obese children also increased, such as those who are behind in development, those who are exhausted, etc. It is frightening how quickly biodiversity is being lost- almost a million species of animals and plants are on the verge of extinction.

7. In order to achieve the Objectives and tasks of the Agenda for Sustainable Development for a period up to 2030, a huge volume of investments is needed, estimated at billions to trillions of US dollars. In order to close the infrastructure gap in such water supply areas, the creation of basic sanitation, public transport, energy system, flood protection, expenditures may vary by 2030 from 2% to 8% of GDP depending on the strategy selected infrastructure development [11].

## REFERENCES


1. FAOSTAT Date: Jul.06.2016
2. Methodology for determining food security indicators: FAOSTAT (http://faostat3.fao.org/dowload/D/FS/E) and FAO (http://www.fao.org/economic/ess/ess-fs/ESS-fodata/en/)
3. General Assembly. Session 17, items 15 and 116 on the agenda. 70/1 Transforming our world. Agenda for sustainable development by 2030. Resolution adopted by the General Assembly 25 September 2015
4. FAO: www.fao.org/publications/2019
5. Te State of Food Security and Nutrition in the World, p. 8 https://www.fp.org/publications/2019-state-food-security-and-nutrition-world-sofi-safequrdin-against-economie-slowdowns-and-downturns
6. 2019 State of Food Security and Nutrition in the World (SOFI): Safeguarding against economic slowdowns and downturns, p.33. in brief. Source: FAO
7. https://gmarket.ru/raitings/global-food-security-index/info
8. The State of Food Security and Nutrition in the World, 2019 Introduction. p. 11 https://www.fp.org/publications/2019-state-food-security-and-nutrition-world-sofi-safequrdin-against-economie-slowdowns-and-downturns
9. https://unfoundation.org/blog/post/100-days-5-facts-and-the-millennium-development-goals/
10. https://www.un.org/sustainabledevelopment/development-agenda/

11. UN General Assembly. Session 70. Agenda items 15 and 116. Resolution adopted by the General Assembly of 25 September 2015, 70/1. Transforming our world. Agenda for sustainable development for a period up to 2030, p. 41.

## BIBLIOGRAPHY / WEBOGRAPHY

12. Report of the Secretary-General of the United Nations "Progress towards the Sustainable Development Goals" at the General Assembly of the High Level Forum on Sustainable Development convened under the auspices of the Economic and Social Council. Items 5a) and 6a) on the agenda. Special edition, secretary-general-sdg-report-2019 (resolution 70/1 of General Assembly).
13. https://unstats.un.org/sdgs/ p. 7-9.
14. UN General Assembly. 2019 Session, 26 June 2018- 24 July 2019. Agenda items 5a) and 6.- Report presented by the UN Secretary-General to the High-Level Political Forum on Sustainable Development convened by the Economic and Social Council.
15. The Millennium Development Goals: experience, achievements and what's next. Marta Lomazzi, Bettina Borisch, Lilrich Laser.
16. GA session: Transforming our World: the 2030 Agenda for Sustainable Development Summit on 25 September 2015. United Nation Department of Economic and Social Affairs. https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf
17. https://unfoundation.org/blog/post/100-days-5-facts-and-the-millennium-development-goals/
18. World countries' rating of food security.https://www.global-rank.com/business/country-rankings-on-food-security/
19. The state of food security and nutrition in the world-2015, 2017, 2018, 2019. https://www.who.int/nutrition/publications/foodsecurity/state-food-security-nutrition-2018/en/
20. https://www.un.org/sustainabledevelopment/ru/about/development-agenda/
21. https://en.wikipedia.org/wiki/Food_security
22. Daniel Maxwel, Richard Caldwell, Mark Landworthy Measuring food insecurity: Can an indicator based on localized coping behaviors be used to compare across context? -2008 to 2012.
23. Shelley McGuire, FAO, IFAD, and WFP. The State of Food Insecurity in the World 2015: Meeting the 2015 International Hunger Targets: Taking Stock of Uneven Progress. Rome: FAO, 2015
24. Shenggen Fan, Some lessons from a life in food policy // Global Food Security-2019-09-secretary-general-sgd-report-2019. (resolution 70/1 of the General Assembly). https://nssp.ifpri.info/2019/11/20/some-lessons-from-a-life-in-food-policy-shenggen-fan/
25. https://www.unssc.org/sites/unssc.org/2030-agenda-for-sustainable-development-primer-ru.
26. UN GA seventeenth session, Resolution adopted by the General Assembly on 25 September 2015: https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf

***Rezumat***

*Ordinea de zi în domeniul dezvoltării durabile după 2015 pe o perioadă de până în 2030 adoptată de ONU este o programă de activitate globală în deplină armonie cu principiile securității omului. Cele 17 obiective și 169 de sarcini ca părți componente a acestui document este o continuare a Obiectivelor de Dezvoltare ale Mileniului determinate în 2015. Realizarea obiectivelor și a sarcinilor trasate până în 2030 va determina prosperitatea întregii planete și bunăstarea populației la nivel global. Luând în considerației că primul ciclu de dezvoltare durabilă se apropie de sfârșit, scopul acestei lucrări constă în a schița unele realizări obținute în această perioadă cu prioritate în domeniile lichidării sărăciei, foametei și malnutriției, asigurării securității alimentare și îmbunătățirii situației cu alimente nutritive ca rezultat al dezvoltării durabile a agriculturii. După o perioadă relative îndelungată de reducere a demensiunilor foametei și subalimentației (în 2015 - 784 milioane de oameni acuzau acest flagel) în următorii trei ani se observă o creștere ce acuză foamea și subnutriție (în 2017 – 821 de milioane de oameni) – fiecare a noua persoană nu primește hrană suficientă, ce dovedește actualitatea și necesitatea studiilor problemei date în continuare.*

***Cuvinte-cheie****: dezvoltare durabilă, foamete, eradicare a sărăciei, securitate alimentară*

***Аннотация***

*Повестка дня в области устойчивого развития после 2015 года на период до 2030 года, принятая ООН, представляет собой глобальные рамки работы, полностью гармонирующие с принципами безопасности человека. 17 целей и 169 задач являются составными частями этого документа и представляют собой продолжение Целей развития тысячелетия, которые завершились в 2015 году. Достижение целей и задач, поставленных к 2030 году, будет определять процветание всей планеты и глобальное благополучие населения. Учитывая, что первый цикл устойчивого развития подходит к концу, цель данного исследования – обзор некоторых достижений за этот период, с приоритетом в областях искоренения бедности, голода и недоедания, обеспечения продовольственной безопасности, улучшения питательности пищи, в результате и устойчивого развития сельского хозяйства. После относительно длительного периода сокращения масштабов голода и недоедания (в 2015 году число пострадавших от этого бедствия уменьшилось до 785 миллионов человек), в следующие три года последовал всплеск голода и недоедания (в 2017 году – 821 миллион человек), что доказывает и практичность и необходимость продолжения изучения данного вопроса.*

***Ключевые слова****: устойчивое развитие, голод, искоренение бедности, продовольственная безопасность*

*Received 05.11.2020*
*Accepted 13.11.2020*
*Published 30.12.2020*

ISSN 2345-1424 http://jrtmed.uccm.md E-ISSN 2345-1483

**Journal of Research on Trade, Management and Economic Development**
**VOLUME 7, ISSUE 2(14)/2020**

# SUBSTANTIATION OF MARKETING ACTIVITIES FOR THE PRODUCTION OF SEA BUCKTHORN FOR AGRICULTURAL ENTERPRISES IN THE REPUBLIC OF MOLDOVA

**Sergiu MÎRZA, Assoc. prof., PhD**
State Agrarian University of Moldova
*E-mail: s.mirza@mail.ru*

**Feodosie PITUŞCAN, Assoc. prof., PhD**
Trade Co-operative University of Moldova
*E-mail: feodosie_pituscan@yahoo.com*

**Universal Decimal Classification: 658.51: 631.152 (478)**
**JEL Classification: M31, Q13**

***Abstract***

*In the Republic of Moldova marketing activities in agriculture have not yet become widespread. This situation can be explained by the fact that many agricultural products are not grown or manufactured in sufficient quantities to meet the demand of domestic consumers, and the importance and role of marketing in conditions of shortage of goods remain insignificant, which is unjustified.*

*The article highlights the need and the way of implementing marketing activities within agricultural enterprises. It specifies the term of agromarketing and analyzes the peculiarities of marketing activities for the production of white sea buckthorn, which is the subject of study in the framework of an institutional project called: "Development of technology for white sea buckthorn production in the ecological system and the processing of fruit and biomass", approved for funding by the State Program for 2020-2023.*

*This paper can be considered as the basis for developing a marketing policy for the cultivation of white sea buckthorn. It supports the need to develop a marketing policy that begins with the rationale for the implementation of activities based on the concept and principles of marketing and has the mission to convince agricultural entrepreneurs to implement marketing activities within agricultural enterprises.*

***Keywords****: marketing activities, agromarketing system, marketing-mix tools, white sea buckthorn production*

## 1. Introduction

The management system of the production process and agribusiness primarily involves flexibility, elasticity, operation and sensitivity to market changes. More than that, the marketing orientation is more adjustable to innovations, in general, and to the market situation, in particular. It widely uses modern methods of product and price policies in the organization and management. An agricultural entity with such guidelines bears or has a high social and moral responsibility for the product proposed and placed on the market. The bottom line is that the philosophy of the personal and management team is different. In the first variant, the goal of a (satisfied) consumer is pursued, and in the second, to produce and sell. All these aspects finally influence the agribusiness results.

## 2. The degree of investigation of the problem and purpose of research

Publications, referring to the problems of marketing implementation in the activities of agricultural enterprises in the Republic of Moldova, are practically lacking. Agricultural entrepreneurs most often use marketing concepts intuitively in their work.

The aim of this study is to justify the need for implementing marketing activities at agricultural enterprises in the Republic of Moldova, especially in the production of white sea buckthorn, for which the institutional research project "Development of the production of organic white sea buckthorn and the processing of fruit and biomass" was developed and approved.

## 3. Applied methods and materials

Sources of local and foreign literature are used regarding the approaches of different authors to the need and methods for implementing the marketing activities at agricultural enterprises. In developing the article, the method of induction and deduction, systemic analysis, qualitative and quantitative methods for assessing and forecasting market indicators of agri-food products, including white sea buckthorn, were used.

## 4. Obtained results and discussions

A simple, complete and unanimously accepted definition of marketing activities in agriculture is impossible, because according to many experts, it cannot be considered solely as a science, a practical approach or art. Marketing activities in agriculture have a much wider purpose than selling agricultural or food products, including processing operations, stock management, distribution, pricing and product promotion, etc. In addition, it deals with the market study and the art of influencing it, competition and market surveillance / regulation by public authorities. It also affects the three main market components: agricultural entity, consumers and public authorities.

In the daily practice of developed countries, the agri-food marketing system operates in an astonishingly complex and regulated manner, with the aim of immediately satisfying the demand for quantity, quality and diversity of products requested by consumers [1, p. 174]. The consumer has come to satisfy his needs, desires and preferences without any difficulty. This is due to the fact that agricultural producers, as well as processors and distributors, are constantly planning and solving the main issue of adjusting the supply in accordance with changes in demand that they expect for at least several months. An agricultural product must undergo several types of transformations, before becoming food, four of which are basic: physical transformation, dimensional transformation, transformation in time and transformation in space [2, p. 113].

Bearing in mind references to four types of utilities, it can be stated, that marketing in agriculture plays a crucial role in managing the activities of enterprises in the agri-food sector, orienting them towards the production of goods that are demanded on the market, selling them to the right place and at the right time and get hold of them as soon as possible.

Fulfilling these goals, the producers and traders can maximize their profits through greater consumer satisfaction.

There are many definitions of marketing in agriculture. According to the authors, the simplest and most understandable for Moldovan producers may be that of the Romanian scientist Constantin Marian, who defines the marketing activity in agriculture as agrimarketing and states that agrimarketing represents: “A set of activities, techniques, methods and procedures in which supply of agricultural and food products is regulated according to changes in demand, in order to maximize consumer satisfaction, by providing them with the necessary goods in the required quantity and quality, as well as at the right time and place, but also to optimize profit for producers and traders” [3, p. 79]. At the same time, we believe that this definition should be supplemented with the ability to manage agribusiness and study the land market in order to accumulate additional profit based on optimizing entrepreneurial activity and more fully satisfying the needs of rural food and processing enterprises with agricultural raw material.

At the level of theoretical approach to the problem under study, it is important to formulate the term “marketing activity” within the agricultural entities. Thus, in our opinion, the marketing activity is a way for an agricultural entity to achieve its ultimate goal. For an agricultural entity that wants to succeed in the market, this ultimate goal is to maximize profit by meeting the needs of consumers. The specific steps that an agricultural entity must take in order to achieve this goal are to constantly research the market and consumption needs, with the adaptation of the enterprise to these changes.

According to the authors, marketing activity in agriculture includes the realization of forecasting and planning function aimed at extending the balance between demand and supply with the help of the marketing-mix complex tools: product, price, placement and promotion. Of course, the results of agricultural market study should always be taken into account. It is necessary to use a comprehensive approach to marketing management, based on ensuring the mutual relationship between the elements of agro-marketing, to achieve the task of satisfying the needs of consumers in food products and agricultural producers - in material, labor and financial resources. It is also important to comprehensively approach marketing activities on the basis of optimizing the interaction of all elements of the marketing-mix, which corresponds to the prerogative of maximally satisfying the consumer demand with minimal marketing effort. The choice of “white sea buckthorn” product was not accidental. White sea buckthorn is rightly considered to be a magic plant, a super food and a bank of vitamins. This culture has several areas of importance for human society, namely: nutritional value, therapeutic importance, economic value and ecological significance (Figure 1).

Analyzing multilaterally the definitions given by several authors, we propose that marketing activities for the production of white sea buckthorn should be conceived as follows: “Marketing activities for the production of white sea buckthorn is the process of studying the market for this product by white sea buckthorn producers and the subsequent use of marketing-mix elements in order to obtain profit by satisfying the population with white sea buckthorn products”.

Next, we will analyze the particularities of marketing activities for the production of white sea buckthorn. The specific peculiarities of marketing activities for the production of white sea buckthorn are determined by agricultural characteristics as an area of the real sector of the national economy: dependence on climatic conditions; the role and importance of products obtained in the phytotechnical and zootechnical sector; discrepancy between the working period and the production period; the seasonal nature of bearing costs and their materialization in various goods; variety of forms of ownership; many types of organization of agricultural households; the presence of external economic relations; participation of central and local public authorities in the development of agro-industrial complex and its industries, etc.

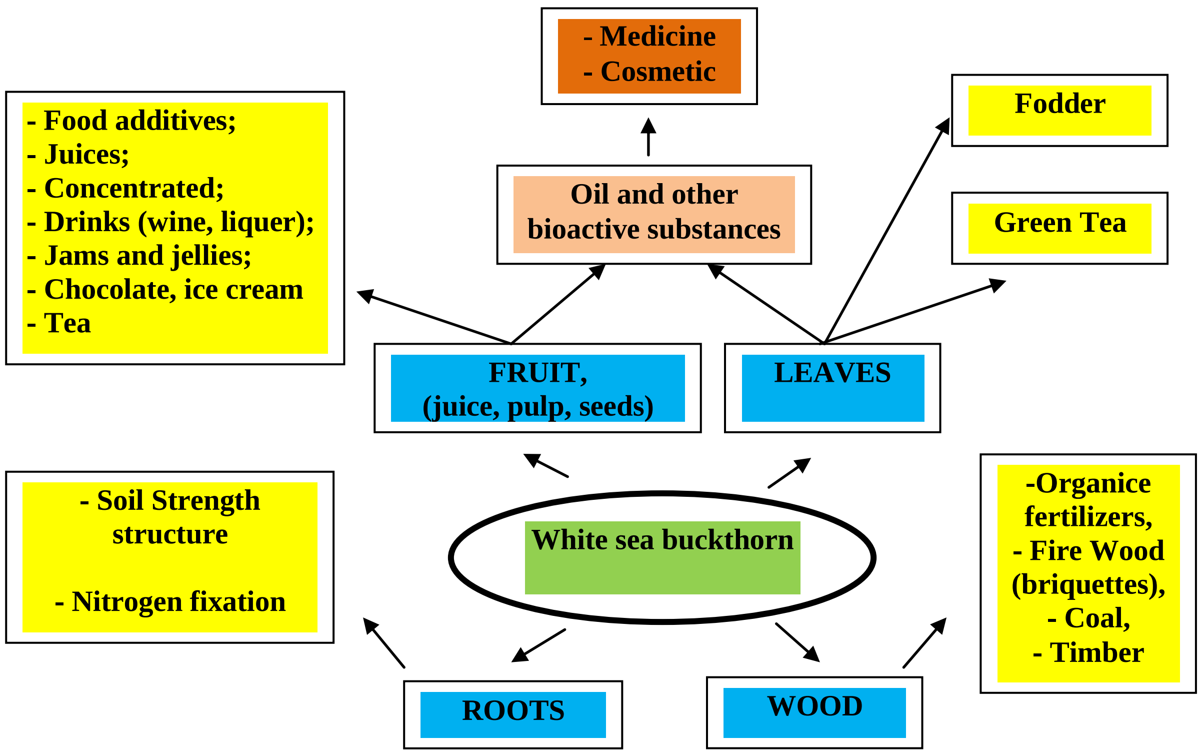


**Figure 1. The importance of white sea buckthorn for the society**

Source: elaborated by authors

One of the peculiarities of marketing activities for the production of white sea buckthorn is determined by the fact that the production of white sea buckthorn is associated with the main means and the object of production – land, cultivated area, soil quality and intensive use. Soil can be improved with proper and careful use. In this context, the rational use of phytosanitary products or their total lack in the technological process, the replacement of chemicals with biological methods to combat diseases and pests, the implementation of soil conservation technologies create sustainable premises for obtaining ecologically clean products. On the other hand, the reckless processing of agricultural land has a negative impact on the productivity of white sea buckthorn and on the quality of the obtained products. All these attribute to the marketing activities for the production of white sea buckthorn a certain specificity in the process of its organization and start-up. Natural and economic processes in the agribusiness activity are integrated and form new conditions for the development and organization of marketing.

If we are talking about the white sea buckthorn, then it is useful for the soil due to its hardiness; the strong root system with a high dredging capacity is used as a pioneer plant in areas with very eroded land or when restoring anthropogenic soils in the industrial and mining areas. Another advantage is that white sea buckthorn is fixed at 180 kg N / ha per year. White sea buckthorn also gives poplar and pine a more vigorous growth in mixed forest strips.

Another peculiarity, no less important for the marketing of white sea buckthorn production, is the fact that marketing specialists are faced with the basic needs of the products. Based on this, agro-marketers must timely, taking into account the age, gender, national traditions and health status of consumers, meet their needs, requirements and interests in the required volume and range. White sea buckthorn goods are often perishable and, therefore, require quick delivery, attractive appearance and proper packaging.

The next peculiarity of marketing activities for the production of white sea buckthorn is the discrepancy between the work period and the production period. Thus, white sea buckthorn products are obtained once a year, while the working period lasts a whole year. In this context, specialists in the field should be well aware of the specifics, to be able to forecast consumer demand, the trend of its satisfaction, market conjuncture, etc., because the efficiency of marketing in the production of white sea buckthorn depends on all these points. This peculiarity is associated with the seasonal nature of white sea buckthorn production. The listed peculiarities of white sea buckthorn production, in contrast to industrial production, are achieved through specific forms and methods of agri-food products.

Since the consumer may be the last link in the examined chain, marketing activities regarding the processing of white sea buckthorn products (primary or secondary) directly by producers in an agricultural entity are strongly required. Currently, as a rule, these functions are performed by other types of marketing, located between the first consumer and the final consumer, i.e. by distributors (intermediaries). Primary processing, directly in the agricultural enterprise, is aimed at preserving the white sea buckthorn products and their quality, but not at improving consumption qualities.

Namely the situation in the processing of white sea buckthorn products, its provision with services and reduced competitiveness compared to similar imported products do not correspond to the modern requirements of consumers. This is explained by the fact that:

- agricultural enterprises operate in a difficult market;
- rural population does not have sufficient experience and traditions to organize entrepreneurial activities and marketing activities;
- many economic subjects in the agri-food sector do not have the necessary amount of money and adequate stocks;
- the state does not sufficiently finance and support this area of entrepreneurial activity;
- science and industry are not properly trained and do not provide quite effectively the given sphere of entrepreneurial activity.

Marketing activities for the production of white sea buckthorn is also outlined by the diversity of forms of ownership on land, means of production and production-commodity. This implies diversified competition, which is controlled only by the level of consumer satisfaction. In the context of a particular type of property, there are many forms of organization, operation and self-management, but the most important thing is that the created agromarketing systems are sensitive, perceived and adapted to the consumer requirements, needs and interests.

Agriculture, including the production of white sea buckthorn, as a sector of the national economy is characterized by various legal forms of organization such as: joint stock companies, limited liability companies, agricultural cooperatives, peasant households (farmers), etc. Hence, it follows the diversity of possible forms of marketing for the production of white sea buckthorn, starting with objective marketing programs and ending with the results of agribusiness. Marketing activities for the production of white sea buckthorn are aimed at harmonizing the needs of consumers and its primary task is to create an integrated system at the country level, which would provide the necessary conditions for unlocking the potential of each entity. A complex aspect of the organization of marketing activities for the white sea buckthorn production is to reflect the dialectic of the forms of organizing the interconnection with the static character of this process. Currently, the movement of farmers in the Republic of Moldova has gained some spread, but due to the limited material possibilities, especially at the initial stage, the process is complicated and marketing should adapt, no doubt, to a typical peasant (farmer) household. Thus, it is necessary to create a movement of white sea buckthorn growers to protect and promote these producers at national and international levels.

Thanks to the privatization process and immediately after the completion of the land reform, a significant part of the former cooperatives or state-owned enterprises have changed their „facade”, becoming joint-stock companies, agricultural cooperatives or limited liability companies. In this particularly illustrative context, an example is given of joint stock companies in which, at the beginning of the 21st century, the number of land beneficiaries clearly prevails among corporate enterprises. Namely, this legal form of organization served as a bridge from cooperative or state enterprises to other forms based on private property: agricultural cooperatives, limited liability companies, peasant (farmer) households, etc.

Another peculiarity of marketing activities for the production of white sea buckthorn consists in the irregularity, nonequivalence and various levels of development of marketing activities in the agribusiness system, which includes the production, processing and realization of white sea buckthorn products. Unsatisfactory level of marketing insurance for, at least, one of these links leads to inadequate marketing. Moreover, this, in turn, reduces the efficiency of agribusiness.

A specific feature of marketing activity for the production of white sea buckthorn is also a higher sensitivity, adaptability, self-organization and self-management of the agromarketing system in comparison with other types of marketing systems, which is conditioned by the following:

- consumer’s demand has a range of determinative and incidental requirements, needs and interests. For this reason, first of all, the agromarketing system has to meet the primary needs and to have flexible attitude to uncontrollable requirements and interests;
- on the market of agricultural products, including white sea buckthorn, there is fierce competition due to the homogeneity of goods. According to this fact, households with a competitive system succeed not only in the country, but also abroad;

- agromarketing system requires operational receptivity to government decisions relating to the multitude of organizational forms of the economic subjects.

Another peculiarity of marketing activity for the production of white sea buckthorn is the lower level of science and art of marketing activities compared to other types of marketing (industrial, commercial, etc.). This disadvantage is due to several factors. Firstly, we are facing a situation in which producers of white sea buckthorn, forced to deal with basic goods in a still deficient market, pay little attention to marketing activities and, as a result, neither the necessary experience nor the art of marketing was formed. Secondly, in the country and in the field, the science of agromarketing has not yet been established and, consequently, there are no reasonable recommendations for carrying out marketing activities in agriculture. With regard to agricultural entities, such science practically does not exist; and inside agri-food enterprises the units of marketing services are just at the initial stage of creation and, therefore, they are forced to operate mainly on the basis of intuition and chance.

Marketing activities for the production of white sea buckthorn must be oriented towards extending the balance between supply and demand with the help of marketing-mix tools. This requirement also refers to marketing activity for the production of white sea buckthorn that includes all traditional elements of marketing:

- product - identification of harvested white sea buckthorn goods, selection of efficient technologies for cultivation of white sea buckthorn plantations;
- price - studying the price policy in the production of white sea buckthorn, setting the optimal prices;
- distribution - organization of distribution and logistics activities in agricultural entities producing white sea buckthorn;
- promotion – carrying out different types of communications (advertising, public relations, personal sales, etc.) to promote sales on the market of white sea buckthorn products.

Let us further examine these elements, with an emphasis on various aspects of management in the production of white sea buckthorn.

Product-related activities include making decisions on the selection of white sea buckthorn varieties susceptible to cultivation in one agricultural entity or another. Any agricultural entity needs to know which varieties will have increased demand next year or the next few years. It is in the agricultural sector, in contrast to other sectors of the national economy, that the required amount of production is determined for a period of one year. This is due to the fact that white sea buckthorn is produced only once a year. An agricultural entity should give preference to those varieties that are more resistant to unfavorable climatic conditions characteristic of the Republic of Moldova.

With regard to pricing in the white sea buckthorn industry, it stipulates, first of all, for the adoption of decisions related to the pricing of white sea buckthorn production. In this industry, the justification of prices should be determined by production costs, since normal functioning of farms is largely dependent on the recovery of costs and obtained profit.

Distribution activities involve making decisions regarding the distribution of white sea buckthorn production to consumers. These decisions correlate with price decisions and product storage possibilities. At the same time it could be mentioned that the distribution of white sea buckthorn on the market is a big problem for agricultural entities, since this type of product requires special requirements for transport, storage, handling and packaging. The main problem is the high level of spoilage of white sea buckthorn fruits and to avoid this, temperatures below zero degrees are needed. Thus, the harvested production of white sea buckthorn requires refrigerated storage facilities for the total produced volume. Agricultural entities will gain if they also provide cold storage to preserve the white sea buckthorn crop, allowing them to have sales throughout the year.

Promotional activities include making decisions regarding communication with consumers. For this area, the promotion of white sea buckthorn production, which is still little known to the whole society, is to inform consumers about the benefits of white sea buckthorn products.

Marketing activity in agriculture (including in the area of white sea buckthorn production) is a process of analysis, planning, organization and control of marketing-mix elements carried out, taking into account the specific activity of agricultural entities. The use of large-scale marketing tools could solve a set of economic, social, demographic and organizational problems in the agro-industrial area.

Marketing activities for the production of white sea buckthorn determine the production and distribution policy in this area, which is oriented towards obtaining a higher profit in the competitive market conditions. The main task is to establish and maintain the interaction of this area with the environment, ensuring advantages in the competitive fight on the agricultural market.

Marketing activities for the production of white sea buckthorn includes research and development of a strategy in order to meet the consumers' needs in white sea buckthorn products.

The connection of the agromarketing system for the production of white sea buckthorn with other agribusiness systems is presented in Figure 2. It, conclusively, demonstrates that the agromarketing system for the production of white sea buckthorn is a means of merging consumers' demand, production potential, marketing opportunities and market relations. Namely, this system is designed to ensure the satisfaction of consumer needs, based on integrated approaches and in-depth analysis.

When organizing the agromarketing system in agricultural entities, it ensures its integrity, i.e. the creation of an optimal system in terms of content, structure and operation. At the same time, the agromarketing system for the production of white sea buckthorn must be economical and safe. An important requirement for this system is its design, organization and rationalization in order to ensure sensitivity, receptivity and adaptability to consumers' and market's needs. To achieve these requirements it is necessary to create a whole series of subsystems, such as: the mechanism of organization, the technology of agromarketing process, the cultural and professional potential of marketers. The agromarketing system for the production of white sea buckthorn can work effectively only in case of optimal and rational organization, as well as due to the accomplishment of agromarketing cycle. For this reason, it is necessary to carry out the following measures:

- use of scientifically argued technologies in the agromarketing activity;
- training, modeling and programming of marketing communications;
- providing marketers with technical, organizational, mathematical resources, etc;

- permanent improvement of marketing qualification of entrepreneurs, managers, marketers;
- creating a comfortable creative-innovative, social-psychological and moral-ethical climate inside the team, as well as in the consumer-producer system.

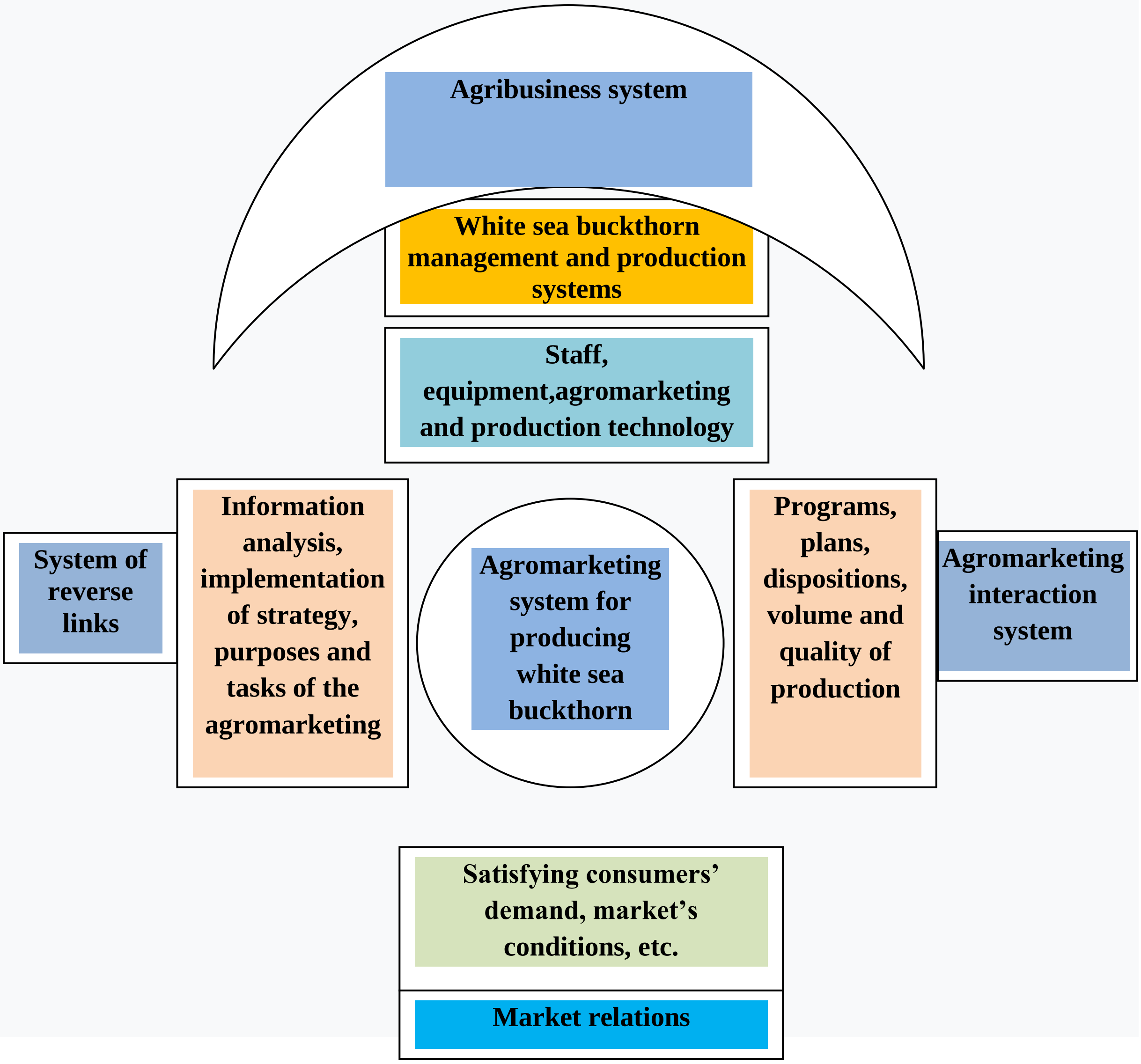


**Figure 2. The place of agromarketing system in producing white sea buckthorn in the agribusiness system**

Source: adapted and completed by Ю. А. Цыпкин [6, p. 56]

The functioning of agromarketing system for the production of white sea buckthorn implies a high level of culture, ethics and aesthetics, because one of this system's objectives is the education of consumers and producers.

From a methodological point of view, marketing activities for the production of white sea buckthorn should be focused on the following areas: improving the conceptual and categorical apparatus; using the concept of interaction and a systemic approach in developing marketing system models; applying the cyber approach; developing a conceptual model of organizational levels of marketing management; forming the marketing monitoring algorithm.

The general purpose of the marketing service in the management of an agricultural entity producing white sea buckthorn, as well as the way to supplement this service with control elements depends on the marketing strategy of the entity. In the case of white sea buckthorn products, strategies are usually simpler than in areas where technology, fashion or innovations are critical elements. Marketing strategies for the production of white sea buckthorn are aimed at meeting the needs of consumers in food, which, in turn, are manifested as primary or vital needs of all people. Therefore, in order to ensure consumption, it is not necessary to make advertising efforts for all products obtained from white sea buckthorn crop.

## 5. Conclusions

We believe that marketing activities for the production of white sea buckthorn ensure the implementation of a set of measures aimed at the production and distribution of white sea buckthorn products in order to satisfy the current and future needs of the population in such products.

Marketing activities on the white sea buckthorn market can be carried out at two levels, including:

- macroeconomic, which includes the following stages: establishing the mission of white sea buckthorn production area; planning the assortment of white sea buckthorn products; elaborating the strategy for the development of white sea buckthorn production;
- microeconomic, which has as objectives: conducting marketing research in the field; determining competitive advantages for each agricultural entity; elaborating overall marketing strategy per entity and agromarketing plan for each type of white sea buckthorn product.

## REFERENCES


1. DIACONESCU, M. Marketing agroalimentar./ Agri-food Marketing. - Bucureşti: Uranus, 2003. 208 p.
2. KOTLER, Ph. Managementul marketingului./ Marketing Management. - Bucureşti: Teora, 2005. 1004 p.
3. MARIAN, C. Dicționar de agromarketing./ Agromarketing Dictionary. - Bucureşti: Ed. Tribuna economică, 2014. 358 p.
4. MÎRZA, S. Strategia de dezvoltare a activităţii de marketing pe piaţa de cereale din republica moldova (în baza gospodăriilor agricole)./ Strategy for Developing the Marketing Activity on the Cereals Market in the Republic of Moldova (based on agricultural households). Teză de doctor în ştiinţe economice. UCCM, Chişinău, 2017. 185 p.
5. PETROVICI, S. MUŞTUC, S. Marketing: curs universitar./ Marketing: University Course. - Chişinău: Editura UCCM. Ediţia a II-a revăzută şi adăugată. 2014. 512 p.
6. ЦЫПКИН, Ю. А., ЛЮКШИНОВ, А. Н., ЭРИАШВИЛИ, Н. Д. Агромаркетинг и консалтинг. / Agromarketing and Consulting. Учеб.пособие для вузов/Под ред. проф. Ю. А. Цыпкина. - М: ЮНИТИ-ДАНА, 2000. 637 с.



***Rezumat***

*Activitatea de marketing în agricultură în Republica Moldova încă n-a obţinut o răspândire largă. Această situație se poate explica prin faptul că multe produse agricole sunt cultivate sau fabricate în cantităţi insuficiente pentru satisfacerea cererii consumatorilor autohtoni, iar importanţa şi rolul marketingului în condiţiile deficitului de mărfuri rămâne minor, ceea ce este nejustificat.*

*În lucrare se argumentează necesitatea şi modalitatea de implementare a activităţii de marketing în cadrul entităţilor agricole. Se concretizează noțiunea de agromarketing și se analizează particularitățile activității de marketing la producerea cătinii albe, care este obiectul de studiu în cadrul proiectului instituţional cu denumirea: „Elaborarea tehnologiei de producere a cătinii albe în sistem ecologic şi a prelucrării fructelor şi biomasei" aprobat pentru finanțare prin Programul de stat pentru anii 2020-2023.*

*Lucrarea poate sta la baza elaborării politicii de marketing la cultivarea cătinii albe. Se argumentează necesitatea elaborării politicii de marketing care începe cu fundamentarea necesității de realizare a activității în baza conceptului şi principiilor de marketing și are misiunea de a convinge antreprenorii din agricultură să implementeze activitatea de marketing în cadrul entităților agricole.*

***Cuvinte-cheie**: activitate de marketing, sistemul de agromarketing, instrumentele marketingului-mix, producerea cătinii albe*

***Аннотация***

*Маркетинговая деятельность в сельскохозяйственной отрасли Республики Молдова еще не нашла широкого применения. Данная ситуация объясняется тем, что много сельскохозяйственных продуктов выращиваются или производятся в меньшем количестве по сравнению со спросом отечественных потребителей, тем самым значению маркетинга в условиях дефицита товаров не уделяется должного внимания, что обоснованно в условиях рыночных отношений.*

*В работе обоснуются необходимость и способы внедрения маркетинговой деятельности в сельскохозяйственных предприятиях. Конкретизируется понятие агромаркетинга и анализируются особенности маркетинговой деятельности в сфере производства белой облепихи, которая является объектом исследования в институциональном проекте «Разработка технологии производства белой облепихи в экологически чистой среде и переработки фруктов и биомассы» утверждённый для финансирования Государственной программой на 2020-2023 годы.*

*Работа может стать основой разработки политики маркетинга для выращивания белой облепихи. Аргументируется необходимость разработки политики маркетинга, которая начинается с обоснования необходимости осуществления деятельности на основе концепции и принципов маркетинга и направлена на убеждение предпринимателей, занимающихся сельским хозяйством, внедрять маркетинг в своей деятельности.*

***Ключевые слова:** маркетинговая деятельность, агромаркетинг, инструменты marketing-mix, производство белой облепихи*

*Received 13.05.2020*
*Accepted 27.06.2020*
*Published 30.12.2020*

ISSN 2345-1424 http://jrtmed.uccm.md E-ISSN 2345-1483

**Journal of Research on Trade, Management and Economic Development**
**VOLUME 7, ISSUE 2(14)/2020**

# IMPROVING THE METHODOLOGY FOR MANAGING CURRENT ASSETS OF AGRICULTURAL ENTERPRISES

**Dmitrii TRACH, Assoc. Prof., PhD**
Shevchenko State University, Rybnitsa branch
*E-mail: dtrach.72@mail.ru*

**Tudor TUHARI, Prof., PhD**
Trade Co-operative University of Moldova
*E -mail: dedulea34@mail.ru*

**Universal Decimal Classification: 338.434: 338.26: 631.162**
**JEL Classification: R11, R51, R58, Q14**

***Abstract***

*Economic freedom of business entities, unpredictability of external environment, imbalance of managerial powers between the business itself and government agencies require a significant improvement in terms of quality of decisions. This task can be solved only on the basis of systematic analysis of financial statements both at the level of enterprises themselves and at the level of government bodies. This paper particularly focuses on improving the quality of working capital management, which calls for updating the role and requirements for analysis tools as basis for development and adoption of decisions along the entire vertical management chain of economic processes. Authors are considering various options regarding the improvement of economic analysis methodology for the use of current assets as the most important tool for the administration of agricultural enterprises financial condition. As a result, this paper presents a methodology for improving this tool and for managing the financial condition of agricultural enterprises as well as for developing advance measures to prevent its deterioration.*

***Keywords**: analysis of financial statements, current assets, financial cycle, financial stability, industrial property real value coefficient, sources of working capital, liquidity ratio*

## 1. Introduction

The market economy radically changes the attitude of economic entities towards cost accounting with its basic principles - self-sufficiency and self-financing. A significant difference of its role under market economy, compared to centralized state control of the economy, is the exclusive responsibility of its owner for the financial condition of economic entity. This means that if a business entity cannot ensure self-sufficiency and self-financing of its activity then it no longer exist. Hence, the main task for any business entity management is to ensure a sufficient level of self-sufficiency and self-financing. The same task is faced by state authorities, since there cannot be a self-sufficient state with a low-level of management of economic processes. Carrying out this task both by state, municipal authorities and by business itself requires improvement of the system of social and economic development management along the entire vertical chain already in new conditions of a society. Currently, there is no such system. The general task-setting process and individual national projects are not sufficiently balanced, and, accordingly, cannot ensure overall growth of social and economic development.

To this should be added the negative influence of internal and external factors. It can be mentioned here, first of all, a weak implementation of tasks and projects, which in turn is a consequence of officials' low level of responsibility, lack of control and of an effective system for evaluating their performance. At the same time, more in-depth scientific research is required by issues related to the organization of enterprises operating within the agro-industrial complex (AIC) both at regional level and in the country as a whole such as, namely, the management of current assets both as consistent and adaptive tools that affect the financial condition of agricultural entities in new economic conditions. Effective asset management is one of the most important sources of funding for an organization. Its relevance lies in the fact that unlike other sources of funding it does not bear direct costs and financial risks. [6, p. 413]. Experience shows that there always exists an opportunity to improve the efficiency of the use of assets, and, as a consequence, to reduce additional funds that can be attracted from external financing sources.

However, this requires improvement of the methodology for managing the financial condition of agricultural enterprises having complete economic self-sufficiency.

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

It is known that the main functions of management are: planning, organization, accounting, control, and evaluation of results. All are extremely important and correlated. If there is no planning system, but, instead, there is a formulation of individual tasks or, as it is now fashionable to say: "development of road maps", then it is really difficult to expect a positive result.

The planning system, even if it is purely indicative, provides for a balance of goals with resource support for their achievement. Implementation of this condition is possible based on full knowledge of the state of social and economic development and its management. To this end, it is necessary to really work with current accounting information as well as with the official information in the financial statements, both by legal entities themselves and by the state and municipal governing authorities.

A comprehensive economic analysis regarding the operation of enterprises should be carried out systematically with the subsequent use of its results for the development and use of economic levers that stimulate social and economic development of economic entities, individual regions and of the state as a whole.

When assessing the activities of economic entities, the priority indicators, in our opinion, should be: net cost, profit, profitability, return on assets, turnover of working capital, liquidity, and also productivity of land for agricultural enterprises, efficiency of land use based on scientifically-based crop rotation, use of new technologies, etc.

Many well-known scientists focused their work on the problem of developing methodological techniques and methods (I.A. Blank [3]; Yu.M. Bakhramov and V.V. Glukhov [6]; A.A.

Volodin [4]; V.D. Gerasimova [1]; N.N. Selezneva [5] and others). However, the economic independence of agricultural enterprises and unpredictability of external factors affecting their operation have not been sufficiently approached methodologically in certain areas of analysis by these authors, in our opinion.

The purpose of this research paper regarding the problem of improving the management of current assets is to study and recommend certain methodological techniques and methods of analysis that are characteristic to particular agricultural enterprises within a separate region of the Left Bank of the Republic of Moldova and, on this basis, make reliable, balanced and operational management decisions.

## 3. Materials and methods of research

The management of working capital, i.e. the management of asset turnover has an important role in the management of financial condition of the enterprise.

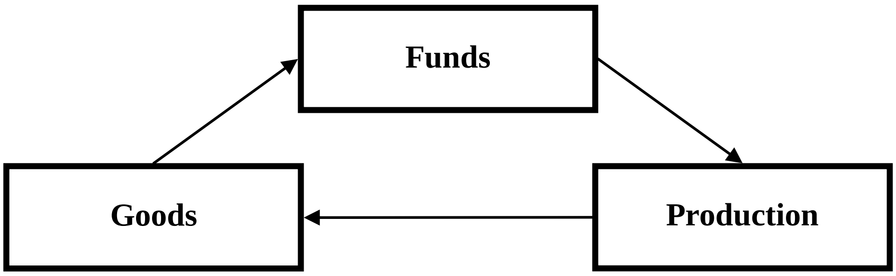


**Figure 1. Working capital management system**

The continuity of the production process requires available working capital at all three stages of the circuit at any time, and their management implies compliance with the following conditions:

- Sufficient availability of own current assets;
- Formation of working capital from own and borrowed sources;
- Use of own working capital for the formation of inventories and other assets;
- Planning the need for working capital, determined according to economically justified standards;
- Calculations and management of the financial cycle should be carried out on the basis of working capital turnover indicators.

The analysis of the financial condition of the enterprise is based on the comparison method and the balance method.

The main source of information for analyzing the state of the enterprise on the use of current assets is the balance sheet and other financial statements regarding total income status. For a comparative analysis, materials of the statistical office of Rybnitsa region for 2018 and 2019 were used. (see Table 1) [7].

**Table 1. Key performance indicators of agricultural enterprises of Rybnitsa region (thousand rubles)**

| Indicator | 2018 | 2019 | Deviation 2019 /2018 | Ratio, % |
|---|---|---|---|---|
| Sales revenue (revenue) | 180 987 | 210 661 | 29 674 | 116,40% |
| Cost of sales | 116 841 | 144 468 | 27 627 | 123,64% |
| Gross profit (loss) | 64 146 | 66 193 | 2 047 | 103,19% |
| Net income (loss) | 19 796 | 42 885 | 23 089 | 216,63% |
| Balance asset total | 269 874 | 316 697 | 46 823 | 117,35% |
| Long-term (non-current) assets | 159 631 | 177 134 | 17 503 | 110,96% |
| Short-term (current) assets | 110 243 | 139 563 | 29 320 | 126,60% |
| Stocks | 88 635 | 101 724 | 13 089 | 114,77% |
| Cash and cash equivalents | 1 005 | 6 665 | 5 660 | 663,18% |
| Capital and reserves | 163 045 | 187 752 | 24 707 | 115,15% |
| Short-term trade and other receivables | 16 298 | 25 673 | 9 375 | 157,52% |

Source: Developed by authors based on statistical reporting data [7]

To study the structural content of current assets and their sources of formation, the following information in the accounting and reporting data for 2018 and 2019 was used (see Table 2) [7].

**Table 2. Structure of sources for the formation of working capital of agricultural enterprises of Rybnitsa region**

| | Sources of formation | 2018 | | 2019 | | Optimal structure,% |
|---|---|---|---|---|---|---|
| | | thousand rubles | % to total | thousand rubles | % to total | |
| 1. | Own capital | 163 045 | 51,48% | 187 752 | 58,21% | 40-50 |
| | incl. current assets | 110 243 | 34,81% | 139 563 | 43,27% | |
| 2. | Loans and credits | 30 284,30 | 9,56% | 25 783,90 | 7,99% | 20-30 |
| | incl. short-term obligations | 28 697,9 | 9,06% | 20 356,0 | 6,31% | |
| 3. | Accounts payable | 123 407,40 | 38,96% | 109 027,90 | 33,80% | 20-25 |
| | incl. direct loans | 28 697,90 | 6,39% | 20 356,00 | 4,67% | |
| | promissory notes payable | 64 546,70 | 14,37% | 60 913,90 | 13,98% | |
| | advances received | 24211,1 | 5,39% | 17 537,30 | 4,03% | |
| 4. | Attracted funds | 15 012 | 3,34% | 14 276 | 3,28% | 5-10 |
| 5. | Net working capital (page 4 – page 5) | 32111,90 | | 30974,0 | | |

Source: Developed by authors based on statistical reporting data [7]

Methods of statistical observation and analysis on the use of working capital allows us to conclude that the dynamics of financial statements of agricultural organizations in Rybnitsa region indicates a decrease of net working capital (NWC) by 3.5%. At the same time, an analysis of its structure indicates a 15% increase of own sources and reaches the optimal level. Significant changes in the structure of borrowed sources can be noted: loans and credits have significantly decreased (5.92%, optimal value 20-30%), at the same time, accounts payable remain at the maximum level (25.03%, with an optimal value of 20-25%), although compared to 2018 it decreased (27.47 in 2018 and 25.03 in 2019).

Analysis of sources on the formation of working capital allows us to make the following conclusions:

- Firstly, on the positive side, the share of own sources increased from 36.30% in 2018 to 43.10% in 2019, which is the result of increase in sales revenues by 16.40% and of net profit by 116.63 %.
- Secondly, the absolute decrease of net current assets is a consequence of borrowed sources reduction due to their high cost.

Data calculated under the analysis at regional level allow making proposals to the Central Bank on the need to revise the credit policy by reducing the interest rate for loans. This is especially true for the agricultural sector, which has an extreme need for modern technical and technological equipment.

## 4. Obtained results and discussions

To ensure the liquidity of enterprises, it is important to optimize the placement of current assets. The most known method for modeling the placement of current assets is the Baumol and Miller-Orr model [4, p. 93]. To estimate this process of asset management, the coefficient of industrial property real value (Cvip) is used, which is calculated by the formula:

$$C\ vip = \frac{C_{basic.} + A_{p.a.}}{A} \quad (1)$$

Where:
$C_{basic.}$ – fixed assets;
$A_{p.a.}$ – current production assets.
A – total asset value.

The minimal value of this coefficient is 0.5. At the analyzed enterprises this ratio was 0.92 in 2018 and 0.88 in 2019. This indicates a decrease in the real value of property used in the production by agricultural organizations from Rybnitsa region.

The value of financial cycle (FC) is important for the management of financial condition of business entities, and, accordingly, of social and economic development in general; this value is calculated according to the formula:

$$FC = T_{s.c.} + T_{r.c.} - T_{a.p.c.} \quad (2)$$

Where:
FC – financial cycle period, days;
$T_{s.c.}$ – inventories turnover time
$T_{r.c.}$ – time of circulation of receivables;
$T_{a.p.c.}$ – time of circulation of accounts payable.

As can be seen from the above formula, the financial cycle includes time spent by working capital in the production stage and in the commodity stage.

Financial cycle management is the most important task of managing the finances of business entities.

It is customary to distinguish four types of financial condition of the enterprise: absolute financial stability, normal, unstable and crisis financial condition.

Businesses with strong financial position can administrate the financial cycle of accounts payable, which allows:

- using a cheap source of funding compared to own funds and credit;
- accelerating the turnover of working capital by reducing the financial cycle.

At the same time, this is possible provided that the share of accounts payable in the working capital falls within the normal range (20-25%) or its increase does not exceed 10%.

Failure to comply with these conditions leads to disturbance of the structure of the working capital, emergence of financial difficulties as well as to deterioration of the image of an economic entity in the eyes of banks, resource providers, etc.

Having an unstable financial position it is possible to manage the financial cycle by optimizing the turnaround time of inventories and receivables. Regulating working capital by means of accounts payable should not be a normal thing. Its increase will be justified only in cases of extreme necessity and the decrease should be consistent with decrease in receivables. In any case, it is necessary to aim at providing the enterprise with the required amount of own funds. This can be solved by:

- Reducing net profit deductions to the consumption fund, i.e. changing the ratio between the consumption fund and the development fund in favor of the latter.
- Sales of receivables.
- Sales of surplus material, technical resources, finished products.
- Refusal to manufacture unprofitable products.

Table 3 shows a calculation of financial stability for agricultural enterprises from Rybnitsa region.

**Table 3. Calculation of financial stability for agricultural enterprises of Rybnitsa region (thousand rubles)**

| Balance asset | 2018 | 2019 |
|---|---|---|
| 1. Fixed assets | 159 631 | 177 134 |
| 2. Current assets | 110 243 | 139 563 |
| 3. incl. inventories | 88 635 | 101 724 |
| **Balance liability** | | |
| 4. Capital and reserves | 163 045 | 187 752 |
| 5. Long-term liabilities | 28 697,90 | 20 356,00 |
| 6. Short-term liabilities | 123 407,40 | 109 027,90 |
| 7. including short-term loans | 4 664,00 | 2 038,50 |
| 8. Availability of own funds allocated to current assets (page 4 - page 1) | 3 414 | 10 618 |

| | | |
|---|---|---|
| 9. Availability of own working capital (page 4 + page 5 – page 1) | 32 111,90 | 30 974,00 |
| 10. Availability of shared sources (page 9 + page 7) | 36 776 | 33 013 |
| 11. Surplus (shortage) of own funds (page 8 - page 3) | -85 221,00 | -91 106,00 |
| of own funds, taking into account long-term loan (page 9 - page 3) | -56 523,10 | -70 750,00 |
| shared sources (page 10 - page 3) | -51 859,10 | -68 711,50 |
| 12. Type of financial condition | **Crisis** | **Crisis** |

Source: Developed by authors based on statistical reporting data [7]

As can be seen from the above data, agricultural enterprises in the Rybnitsa region are in a state of crisis, resulting from the availability of own funds, including taking into account the long-term loan and general sources:

$$\mathrm{S\ (Short.)o.f.} < 0 \tag{3}$$

$$\mathrm{S\ (Short.)it.l.} < 0 \tag{4}$$

$$\mathrm{S\ (Short.)s.s.} < 0 \tag{5}$$

Where:
S $(\text{Short.})_{\text{o.f.}}$ – surplus (shortage) of own funds;
S $(\text{Short.})_{\text{it.l.}}$ – surplus (shortage) of own funds taking into account long-term loan;
S $(\text{Short.})_{\text{s.s.}}$ – surplus (shortage) of own funds taking into account shared sources.

According to data presented in Table 4, the size of financial cycle was 75 days in 2018 and 26 days in 2019, which indicates a sharp drop by 49 days (75-26).

**Table 4. Calculation of financial cycle value for agricultural organizations of Rybnitsa region**

| № | Indicators | Calculation method | Actual value | |
|---|---|---|---|---|
| | | | 2018 | 2019 |
| 1. | Stock circulation time (S c.t) days | $\mathrm{S\ c.t.} = \frac{\mathrm{Stock\ x}\ days}{Sp}$ | 276,8 | 257 |
| 2. | Receivables circulation time (T r.s.) days | $\mathrm{T\ r.s.} = \frac{\mathrm{Dt\ x}\ D}{tiime}$ | 32,86 | 44,48 |
| 3. | Accounts payable circulation time (T a.c.c.) days | $\mathrm{T\ a.c.c.} = \frac{\mathrm{C2\ x}\ D}{Sp}$ | 385,51 | 275,46 |
| 4. | Revenue from sales of products (B) | - | 180 987 | 210 661 |
| 5. | Net cost of goods sold | - | 116 841 | 144 468 |
| 6. | Duration of the financial cycle | $FC = T_{s.c.} + T_{r.c.} - T_{a.p.c.}$ | -75,85 | 26,02 |

Source: Developed by authors based on statistical reporting data

When speaking about the management of social and economic development, it is also important to analyze the liquidity of economic entities balance sheet, characterized by the structure of assets and liabilities. The results of this analysis are of exceptional importance not only for the enterprises themselves but also for government agencies, since it allows enterprises to take the necessary measures to prevent their bankruptcy, which is important not only for economic agents but also for social and economic development of the region and of the state as a whole. For this purpose, the liquidity of assets should be monitored using the liquidity ratio ($R_{l.}$) - absolute liquidity ratio ($R_{a.l.}$) and current liquidity ratio ($R_{c.l.}$).

The liquidity ratio indicates company's solvency and is calculated by the formula:

$$R\ l. = \frac{Ai.c.}{Ls.t.} \quad (6)$$

Where:

$A_{i.c.}$ – intangible current assets (accounts receivable, short-term financial investments, cash);

$L_{s.t.}$ – short-term liabilities.

The minimal allowed value of this indicator – 0,8-1.

The absolute liquidity ratio characterizes the company's ability to cover the most urgent liabilities (accounts payable) and is calculated by the formula:

$$Ra.l. = \frac{\text{Short-term financial investments + cash}}{\text{Short-term liabilities}} \quad (7)$$

The minimal allowed value of this indicator: 0,2-0,25 (recommended).

The current liquidity ratio provides the identification of a satisfactory or unsatisfactory state of the balance sheet structure, and whether the company is solvent or insolvent. The value of this coefficient is calculated by the formula:

$$Rc.l. = \frac{\text{Current assets}}{\text{Loans and credits + payables}} \quad (8)$$

The standard value of the current liquidity ratio depends on industry peculiarities. For agriculture this indicator should vary from 1.5 to 2. For enterprises from Rybnitsa region the liquidity ratios are presented in Table 5.

**Table 5. Calculation of liquidity indicators for agricultural enterprises from Rybnitsa region**

| Indicators | Calculation method | Actual value | | Normative value |
|---|---|---|---|---|
| | | 2018 | 2019 | |
| Total liquidity ratio | $\frac{Ai.c.}{Ls.t.}$ | 0,140 | 0,296 | 0,8-1 |
| Absolute liquidity ratio | $\frac{cash + Is.t.f}{Ls.t.}$ | 0,0081 | 0,061 | 0,2-0,25 |

| | | | | |
|---|---|---|---|---|
| Current liquidity ratio | $\frac{Current\ assets}{Loans\ and\ credits\ +\ payables}$ | 0,72 | 1,08 | 1,5-2 |

Source: Developed by authors based on statistical reporting data

Negative deviations of actual values of liquidity ratios from normative values indicate the need to use significant reserves depending on the situation of circulating assets and on their placement at the regional enterprises.

## 5. Conclusions

Thus, the financial condition of agricultural enterprises of Rybnitsa region can be characterized as crisis in the period 2018-2019. The main lever of financial management in this situation is the time of inventories- and receivables circulation. Increase of accounts payable, as a source of working capital, should be done when there is an absolute necessity and economic feasibility of its repayment. Decrease of accounts payable is carried out in parallel with decrease of accounts receivable.

Main attention should be paid to providing the enterprise with the necessary amount of own funds through:

- improvement of forms and methods of management (specialization, concentration, combination, cooperation);
- diversification of production;
- marketing improvement;
- increasing the efficiency of exports;
- rational use of available resources;
- reducing the net cost of production and sales of products, etc.

Taking into account the peculiarities of agricultural enterprise, first of all, their significant dependence on natural and climatic conditions, disparity in prices for consumed resources and manufactured products, and also based on the importance of this industry for ensuring the food security of the region, appropriate measures of its financial support should be developed at the state level.

The proposed analysis method allows providing:

- systematic management of circulating assets of business entities at all levels of executive bodies based on official financial statements;
- efficiency of analysis, i.e. timeliness of its execution and bringing the results of the analysis to managers for decision-making;
- quantitative and qualitative certainty of analytical conclusions;
- objectivity of analysis.

The analysis of current assets management carried out in this paper indicates the need for its use in managing the financial condition, both at the level of enterprises and at the level of government bodies, which will improve the quality of decisions made both by business entities themselves and by government agencies.

## REFERENCES

1. Анализ и диагностика финансово-хозяйственной деятельности промышленного предприятия : учебное пособие / Analysis and Diagnostics of Financial and Economic Activities of an Industrial Enterprise: a tutorial / В.Д. Герасимова. – М.: КНОРУС, 2011. – стр. 308-338.
2. Научные основы менеджмента/ Scientific Foundations of Management / Д.М. Трач. – Рыбница: Рыбницкий филиал ПГУ, 2019 (ОАО «Рыбницкая типография»). – стр. 209-229.
3. Управление прибылью./ Profit Management Бланк И.А. – К.: «Ника-Центр», 1998. – стр. 209-233.
4. Управление финансами (Финансы предприятий) / Financial Management (Enterprise Finance): Учебник / Под ред. А.А. Володина. – М.: ИНФРА-М, 2006. – стр. 93-103.
5. Финансовый анализ. Управление финансами / Financial Analysis. Financial Management : Учеб. Пособие для вузов. – 2-е изд., перераб. и доп. Селезнева Н.Н. – М.: ЮНИТИ-ДАНА, 2007. – стр. 233-261.
6. Финансовый Менеджмент / Financial Management : Учебник для вузов. 2-е изд. Стандарт третьего поколения. Бахрамов Ю.Н., Глухов В.В. – СПб.:Питер, 2011. – стр. 413-452.
7. Ежегодник Государственной службы статистики. Сайт Министерства экономического развития ПМР. / Yearbook of the State Statistics Service. Website of the Ministry of Economic Development of PMR. Режим доступа: [http://mer.gospmr.org/gosudarstvennaya-sluzhba-statistiki/informaczziya/ezhegodnik-gosudarstvennoj-sluzhby-statistiki.html]

***Rezumat***

*Libertatea economică a agenților economici, imprevizibilitatea mediului extern, dezechilibrul împuternicirilor manageriale între business și structurile guvernamentale necesită o îmbunătățire semnificativă a calității deciziilor manageriale. Această sarcină poate fi soluționată doar în baza unei analize sistematice a situațiilor financiare, atât la nivelul entităților, cât și la nivelul organelor manageriale de stat. În lucrarea dată o atenție deosebită se acordă îmbunătățirii calității managementului fondului de rulment, prin care se prevede actualizarea rolului și cerințelor aferente instrumentelor de analiză, ca bază pentru dezvoltarea și adoptarea deciziilor pe întreaga verticală a managementului proceselor economice. Autorii examinează diferite opțiuni pentru îmbunătățirea metodologiei analizei economice a utilizării activelor circulante ca important instrument al managementului stării financiare a entităților agricole. În rezultatul cercetărilor efectuate se recomandă metodica modernizării acesteia și a managementului stării financiare a entităților agricole, elaborarea măsurilor preventive inadmisibile agravării situației.*

***Cuvinte-cheie****: analiza situațiilor financiare, active circulante, ciclu financiar, stabilitate financiară, coeficient al valorii reale a patrimoniului cu destinație de producție, fond de rulment, coeficient de lichiditate*

***Аннотация***

*Экономическая свобода хозяйствующих субъектов, непредсказуемость внешней среды, несбалансированность управленческих полномочий между непосредственно бизнесом и государственными структурами требуют существенного повышения качества принимаемых решений. Данная задача может быть решена только на базе систематического анализа финансовой отчетности, как на уровне самих предприятий, так и на уровне государственных органов управления. В этой работе особое внимание уделяется повышению качества управления оборотными средствами, что предусматривает актуализацию роли и требований к инструментам анализа, как основы для разработки и принятия решений по всей вертикали управления экономическими процессами. Авторами рассматриваются различные варианты совершенствования методики экономического анализа использования оборотных активов, как важнейшего инструментария управления финансовым состоянием сельскохозяйственных организаций. В результате исследования предлагается методика его совершенствования и управления финансовым состоянием сельскохозяйственных организаций, разработки превентивных мер по недопущению его ухудшения.*

***Ключевые слова:*** *анализ финансовой отчетности, оборотные активы, финансовый цикл, финансовая устойчивость, коэффициент реальной стоимости имущества производственного назначения, источники формирования оборотных средств, коэффициент ликвидности*

*Received 05.11.2020*
*Accepted 01.12.2020*
*Published 30.12.2020*

ISSN 2345-1424 http://jrtmed.uccm.md E-ISSN 2345-1483

**Journal of Research on Trade, Management and Economic Development**
**VOLUME 7, ISSUE 2(14)/2020**

# BUILDING A MODEL OF INTERNATIONALIZATION AS A FACTOR OF DEVELOPMENT OF INTEGRATION PROCESSES OF HIGHER ECONOMIC EDUCATION IN THE REPUBLIC OF MOLDOVA

**Larisa TRIFONOVA, university lecturer, PhD student**
Free International University of Moldova (ULIM)
*E-mail: larisatrifonova@inbox.ru*

**Universal Decimal Classification: 378.1: 339.92 (478)**
**JEL Classification: F59, F69, I24, I25**

***Abstract***

*This article examines one of the key modern trends in the development of higher education - internationalization as a way to enhance its influence abroad by using an appropriate model. The model of higher education internationalization is understood as a vector of development of higher education system at national and institutional levels in accordance with the challenges of the global higher education and labor market. The reasons that determined the development of a model based on the example of higher economic education in the Republic of Moldova were the lack of relevant theoretical developments in this area, the chaotic nature of practical decisions in the field of higher education internationalization and the need to integrate the education system into the international educational market.*

*The article reveals the structural content of the elements of higher education internationalization model, as well as the content of the strategic component of the model, as the main component, which includes a number of strategic initiatives that contribute to the implementation of the model's goal. The development of this model is based on a theoretical study of data on the research issues, as well as an empirical study, which consisted in conducting a SWOT analysis of the current state of internationalization. The implementation of the model of higher education internationalization is supposed to be phased by using a roadmap of the model aimed at accurate planning of the necessary resources and forming strategic solutions to the existing problems of the participants in the higher education system. This study and model can be considered necessary for the purpose of increasing the degree of integration into the international market of higher education services, and also aims to ensure the competitiveness and recognition of the higher education system of the Republic of Moldova in the international market.*

***Keywords**: internationalization of higher education, higher education internationalization model, higher education, integration process in higher education, educational services, economic education*

## 1. Introduction

The market for higher education services plays the most important role in the modern economy. The level of higher education is one of the decisive factors in the quality of human resources in the labor market. This entails an increase in the quality and quantity of products (goods and services) produced by workers, which leads to an increase in the income of enterprises, organizations, and, consequently, the quality of the worker's life, and in the longer term - to an acceleration of the economic growth of the country's welfare.

Increasing the competitiveness of higher economic education in the Republic of Moldova, its integration into the international educational space and taking a worthy position in it, becomes possible thanks to the measures stimulating the process of internationalization of the entire higher education system. Higher education of interest to foreign students is an incentive for the development of export of country's higher education, which, in turn, contributes to the realization of its interests in the geopolitical, economic and social spheres, and also increases the degree of participation of higher education system in the global processes regarding science, culture and education development.

The purpose of the study is to form and scientifically substantiate a conceptual model of higher education internationalization in the Republic of Moldova, contributing to the process of integration into the world market of educational services in the context of global competition. For greater efficiency and adequate coordination of actions in achieving the goal of the study, it is necessary to perform the following tasks: to study scientific approaches and models of higher education in the service market; reflect the features of higher education internationalization in the context of modern conditions for the development of educational space; to describe the methodological foundations of research: research algorithm, methods and tools; to model and establish the content of an integrated system for the entrance of higher education to the international level.

The relevance of this article is expressed in the development of a model for higher education internationalization, which includes components, the most important of which is a strategic component that unites a sequence of strategic initiatives with appropriate measures adapted for implementation at national and institutional levels, increasing the efficiency of the process of integration of higher education system of the Republic of Moldova into the world market of educational services.

## 2. Level of study of the problem at the present time, the purpose of study

Researchers in the field of higher education internationalization, such as Kryaklina T.F., Altbach P.G., Knight J., Dudareva N.A., Robson S., Scalera F., studied this process rather deeply [13, 1, 12, 9, 7, etc.], especially in the last decade, when the relevance of national education to foreign markets has become of key importance for the development of country's economy and foreign policy. However, at the moment, the scientific interest of most not only researchers, but also international organizations, such as the World Trade Organization, the Organization for Economic Cooperation and Development, the Association of International Educators, is focused on certain areas of internationalization [11, 10, 5, 3] that are suitable to the definition of the phenomenon of internationalization from various points of view: the process of integrating the international dimension into the educational environment; the process of improving higher educational institutions (HEIs); the process of implementing practical measures to build an educational reputation.

Large-scale comparative studies of the process of internationalization in different countries have not been carried out or have been carried out in fragments, however, within the framework of individual geopolitical associations (EU, CIS); for example, such studies conducted by J. Knight reflect the general picture with blurred borders between countries [4].

Currently, the Moldovan higher education system is in a protracted process of reform, which started back in 1992, when the Republic of Moldova moved to a market economy. At the same time, the pace, nature and results of the education system modernization in the Republic of Moldova, provided for by the education development strategy for 2014-2020 [14], significantly lag behind the real needs of the country's economic development in the context of global processes. This primarily refers to the creation of cross-border forms of relations between the subjects of the educational industry at national and institutional levels, as well as the introduction of modern innovative technologies in the higher education system. Among the most important reasons for such a lag, it should be noted: complexity and inconsistency of the reform process, problems of the social policy and poor study of theoretical and methodological tools for analyzing ongoing economic processes [15].

In such conditions, it is especially important to introduce an international component into the educational process. The international component should be understood as approaches that include activities covering each element and stage of the educational process (teaching, organization of the educational process), to form the necessary competencies of future graduates needed for productive professional activity in the international labor market. At this stage of development, the need for a systematic analysis of the modern development of internationalization in the context of global integration processes is becoming more and more urgent. The purpose of this article is to develop a model for higher education internationalization, designed to bring the system of higher education to a new modern qualitative level and open up new opportunities for the country's entry into the international market of educational services.

## 3. Methods and materials applied

This article uses a desk study of theoretical sources containing the results of research by domestic and foreign authors and practitioners on modern problems of higher education internationalization (including the global market for higher education services). The logic of the research was built on the basis of three successive stages and on using the appropriate scientific methods:

1. Search stage - studying the theory of integration and internationalization of higher education; scientific approaches and models of higher education in the service market. Key definitions of higher education internationalization have been formulated by organizations and leading researchers in the field due to these concepts.
2. Information-analytical stage - a comparative analysis of the current state of internationalization of the higher education market at global level and in the Republic of Moldova. In this case, we used the methods of correlation analysis, analogy, induction and deduction, expertise of practical experience using the method of interviews and surveys carried out by experts in the market for higher education services. For this purpose, questionnaires were developed with standard measurement and scaling parameters (nominal, ordinal, interval, relative levels). The experts were representatives of the teaching and administrative staff of a number of higher education institutions of the Republic of Moldova. The method of SWOT analysis was also used to assess the degree of higher education internationalization in the Republic of Moldova.

3. Development stage - development of a model of higher education internationalization for the Republic of Moldova as a tool designed to help in the integration process, taking into account the trends and challenges of the international market. The methods used at this stage include: modeling, design, visualization, graphic methods of presenting author's ideas and developments.

## 4. Obtained results and discussions

The process of integrating higher education of the Republic of Moldova into the world educational space by applying the model of higher education internationalization will bring the expected results if the following actions formulated by the author are carried out [8]:

- taking into account the main trends and factors affecting the formation of the educational services market on a national and global scale;
- taking into account the existing experience of higher education internationalization in the Republic of Moldova at national and institutional levels, as well as taking into account the possible negative consequences of higher education internationalization and their timely prevention;
- identification, adaptation and application of the most successful practices for the development and implementation of effective strategies for higher education internationalization in the countries closest to the Republic of Moldova (CIS countries), as well as countries that have won trust and fame in the world, to the level the country strives for (leading EU countries);
- improvement and harmonization of higher education in the Republic of Moldova in accordance with the world standards in stages. At the same time, at the initial stage, the quality level and competitiveness of higher education is achieved in the external market. Further, opportunities should be expanded by taking into account not only national target groups (resident students of the country), but also foreign students. Then it is necessary to develop academic mobility, to attract qualified teaching staff and talented applicants to the educational system and to achieve a high quality of higher education at the international level. Passing through these stages, undoubtedly, should contribute to the most effective deepening of the processes of higher education internationalization in the Republic of Moldova.
- assessment of the degree of effectiveness and timely identification of weak points of the model, operational revision, editing and making the necessary changes in the course of the practical implementation of measures aimed at improving the process of higher education internationalization in the Republic of Moldova.

Figure 1 shows a structural diagram of the internationalization model of higher education and its constituent elements, developed by the author. This sequence of structural elements, according to the author, allows the most effective application of the model to achieve the set goals.

The developed model consists of four components: target, analytical, strategic and evaluative and effective.

I. The target component is to define the context, points of view and purpose of the model. These three components are integral to modeling, as they provide a general direction.

The context refers to the globalization and integration processes in the field of education. Development of the higher education system in this direction is associated with the economic, social and political growth of the country and its occupation of a competitive position.

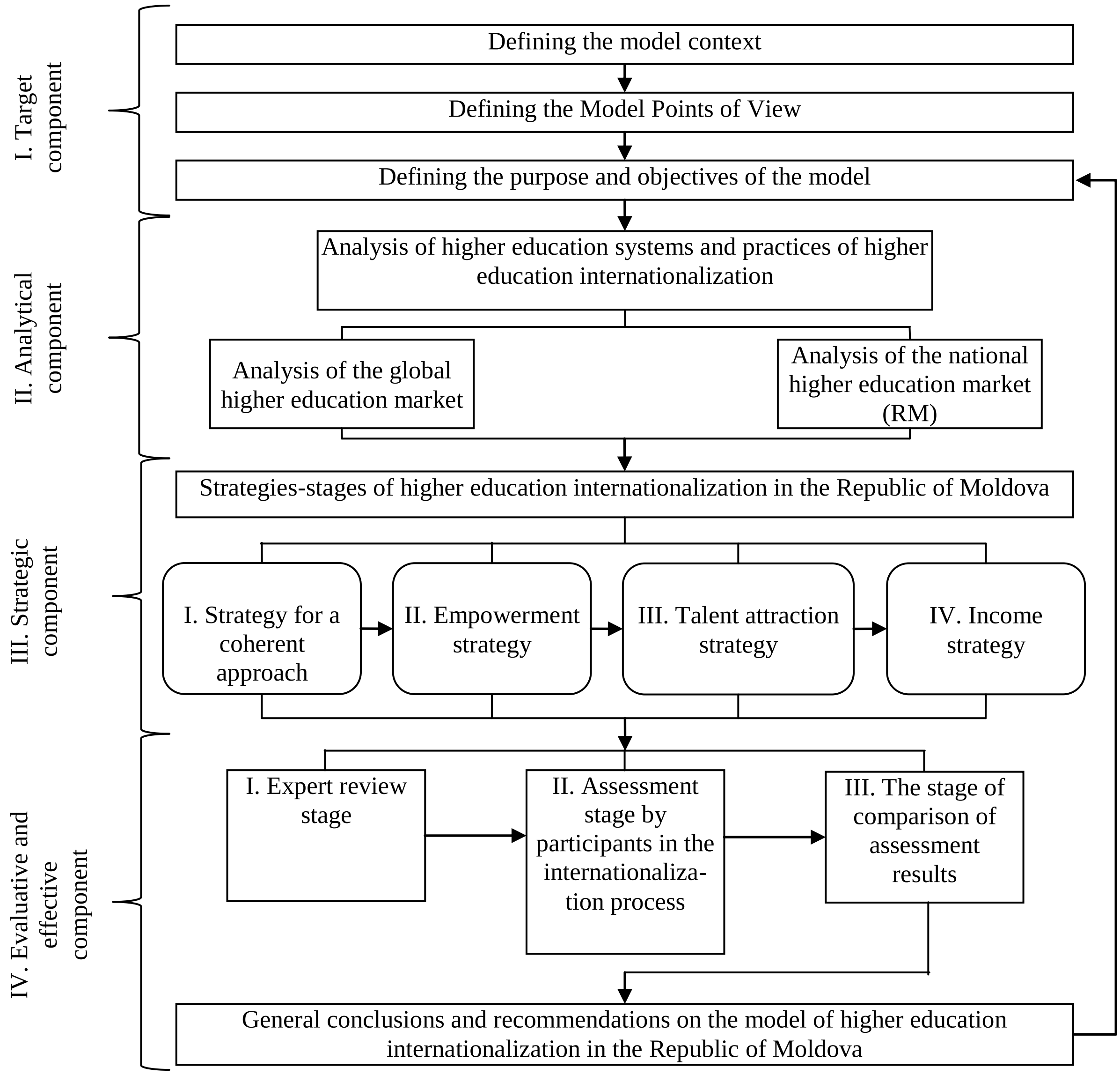


**Figure 1. Structure of higher education internationalization model**

Source: developed by the author

The model is built from a certain point of observation, which in modeling is called a point of view. This means determining the main direction of model development, the level of its detailing and compliance with the ultimate goal of this modeling. From the point of view of the author responsible for the modeled system, the developed model is considered and reflects his view on the most important aspects of building this model. At the same time, the author strictly adheres to the chosen point of view without unnecessary possible details that only complicate the understanding of the model.

However, two points of view were chosen to develop the model of higher education internationalization:

1. National point of view (state - Republic of Moldova). The description from this point of view will abstractly present the higher education system as a whole, as an established environment and from the perspective of its future vision.
2. Institutional point of view (higher education institutions of the Republic of Moldova). From this point of view, the practical approaches of universities to internationalization within the framework of the model, as the main subjects of the higher education process, will be presented.

The author chose exactly two points of view, since certain problems may arise when choosing one of them: general nature of the description in the first point of view and excessive detail in the second. Presentation of the model essence from these two positions will be harmonious, not superficial, and sufficiently detailed.

This goal determines the degree of model accuracy. The set goal of the model reflects the reason for its creation and determines its purpose. The model provides answers with a given accuracy. A clearly defined goal becomes a criterion for the completion of modeling process. All stages, interactions and semantic connections in the model are considered precisely from the point of view of achieving the set goal. The author has compiled a list of questions that allows concretizing and detailing the purpose of the model, thanks to which in the future it is possible to revise the target component of the model and, accordingly, its entire content. The answers to each of them were also formulated, which allows us to demonstrate on what basis the purpose of the model was formulated:

- Why should this process be modeled? It is more expedient to present the clarity and conceptuality of an idea in the form of a model. The model makes it possible to present the content of the concept of higher education internationalization in an accessible way.
- What should the model demonstrate? From the point of view of national and institutional levels the model should reflect the path of higher education system to integration into the global educational space.
- What information can the user of the model get? The user of the model must understand how the goal of the model will be achieved. Namely, to determine the main stages of the formation of an integral system of higher education internationalization and its effective implementation in the existing educational context of the country.

The purpose of the model is to develop a set of actions and measures for the development of the concept of higher education internationalization in the Republic of Moldova, its structural organization and integration of higher education into the world educational space. The concept of internationalization assumes that this goal can be achieved if educational, research and administrative activities and infrastructure of higher education system are organized on the basis of universal values and global standards, as well as ensure a high international reputation of the country’s universities in the academic environment and the business community.

The research objectives correspond to a number of design tasks:

- provide conditions for the growth of bilateral academic mobility;
- create an effective infrastructure for the international activities of universities;
- develop an international research environment;

- create a multilingual, multicultural environment conducive to the stay of foreigners;
- develop a system of training foreigners and export of educational services [6];
- improve the international reputation and image of the country's universities through the use of various marketing innovation strategies [2].

II. The analytical component is the second element of the model, which includes the study of global and national markets for higher education in the context of the internationalization process. The need for analysis is due to the importance of understanding global challenges, trends and correlating them with the opportunities, strengths and weaknesses of the country's higher education, currently. Thus, the results are kind of starting points that will serve as a basis for the formation of strategic activities model. It is important to note that it is not correct to limit the conduct of such studies once and haphazardly; it is necessary to analyze the external and internal environments regularly, taking into account the pace of development of higher education in the world, to keep up with modern realities.

The author carried out an analysis of the higher education system, reflecting indicative results, on which the main conclusions and recommendations for the formation of a model of higher education internationalization are based.

**Table 1. SWOT analysis of higher education system internationalization in the Republic of Moldova**

| | | |
|---|---|---|
| | STRENGTHS<br>Internationalization of the curriculum; average prices are available for all segments of consumers in the domestic and foreign markets; there are budgetary places in state universities; the possibility of paying for the contract in installments; scholarships at state universities;<br>convenient distribution channel for consumers (most of the universities of the Republic of Moldova are located in large cities of the country);<br>developed internet promotion (sites, pages on social networks) - web strategies. | WEAKNESSES<br>Lack of uniqueness of educational offerings for international students; lack of branding, design and packaging of higher education services for international students; lack of demanded additional educational services in addition to the main one (courses, libraries, information services, etc., sports, consultations, etc.); lack of practical training; the price for foreign students is twice as high as for residents of the country; there are no material incentives for foreign students (scholarships, grants, etc.); concentration on one distribution channel by universities (direct sales); universities are engaged in promotion on their own; non-individualized approach to consumers; lack of university long-term strategies to attract foreign students; undeveloped campus infrastructure. |

| | | |
|---|---|---|
| CAPABILITIES<br>Attractiveness of higher education services for international students;<br>the possibility of higher prices by the university;<br>diversification of promotion channels (attracting foreign students); development of the infrastructure of university campuses. | CONDITION 4: Extraction of maximum profit when offering educational services in demand. | CONDITION 2: Expanding the capabilities of the country's higher education system in processing and adapting the research results of target audiences in order to deepen the internationalization processes. |
| THREATS<br>The price cannot be increased due to low or average incomes of the population; advertising of a single university is lost in the information flow of advertisements of other universities; insufficient infrastructural development of universities for admitting foreign students; the emergence of new players on the market. | CONDITION 3: Attraction of foreign qualified personnel and talents to work and study in the country while ensuring favorable conditions for their stay. | CONDITION 1: Capacity building and comprehensive development of the country's higher education system to form the foundations of internationalization. |

Source: developed by the author

As a result of the study, conditions have been identified that cannot be influenced (uncontrolled conditions), but only take them into account and try to consider them as opportunities and incentives for development, as well as conditions that can and even need to be influenced (controlled conditions). The combination of these conditions makes it possible to judge the scale and content of the strategic component.

III. Strategic component. Assessment of potential solutions to model problems based on the analysis of trends, prerequisites for the internationalization of higher education, namely, integration processes in science, education and production, social and pedagogical challenges and requirements for human education in the 21st century, the role of modern universities, domestic and foreign experience of internationalization in the field of higher education, allows us to note the complex nature of solutions. A prerequisite for successful integration into the world educational space of the higher education system is the introduction at national and institutional levels of internationalization strategies aimed at ensuring the sustainable competitiveness of both the entire system as a whole and of public and private universities in the country. The application of such a strategy will soon become one of the leading trends in the educational services market in the Republic of Moldova.

The diagram presented in Figure 2 demonstrates the strategic initiatives that are the constituent elements of the model for higher education internationalization (HEI), developed by the author.

Strategic initiatives for the model of higher education internationalization are conditioned by the influence of factors of external and internal environments and are a way to respond to the identified conditions presented in Table 1.

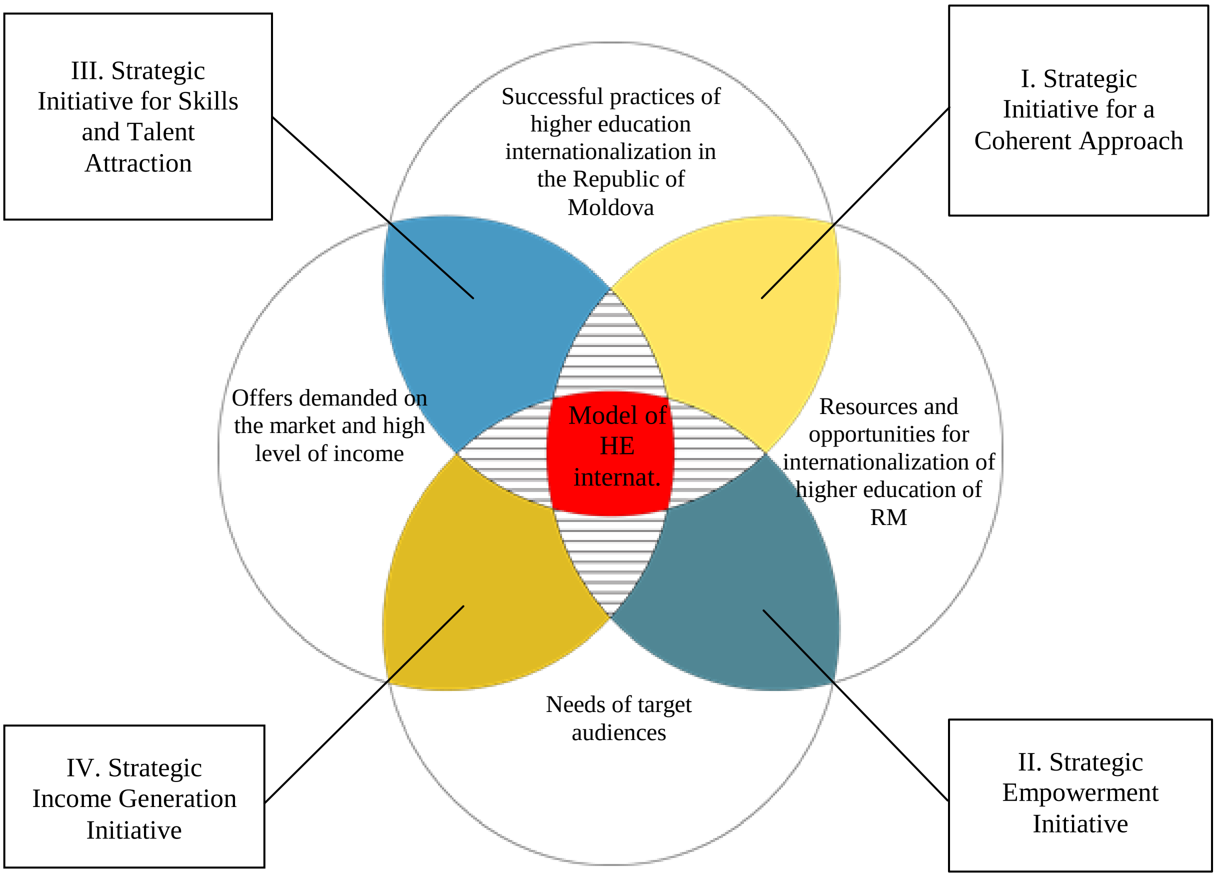


**Figure 2. Outline of Strategic Initiatives for Higher Education Internationalization Model**
Source: developed by the author

The strategic initiatives presented in the scheme are numbered, as they are a kind of sequential stages for the integration of higher education system of the Republic of Moldova into the world educational space. This sequence is objective, since it is due to the analysis carried out, as a result of which four successive conditions for the development of the higher education system were identified:

Condition 1: Capacity building and comprehensive development of the national higher education system in order to build the basis for internationalization.

Condition 2: Expansion of capabilities of the country’s higher education system in terms of processing and adapting the research results of target audiences in order to extend the internationalization processes.

Condition 3: Attraction of foreign qualified personnel, students and researchers to work and study in our country, providing them favorable conditions for stay.

Condition 4: Extraction of maximum profit while offering educational services in demand.

Based on combinations of listed conditions, strategic initiatives were formulated to be implemented consistently, as a kind of stages of the integration process.

Since the model itself is considered from two points of view (national and institutional levels), the implementation of strategic initiatives is implied at two levels. Accordingly, the understanding of activities that contribute to the internationalization of higher education should be the same both for higher education institutions of the country and for the system of state bodies regulating the national higher education system. Therefore, finding a match between strategic initiatives within the framework of higher education internationalization at national and institutional levels should be idntified through:

- the overall goal of the strategic initiative;
- consistency of directions of activities within the framework of the strategic initiative;
- finding a balance between the autonomy of universities and state intervention in international educational policy, as well as identifying areas where the state directly regulates activities, and universities bear great responsibility;
- synchronization of actions in carrying out activities in the field of internationalization.

Within the framework of this structural element of the model, it is also necessary to develop the optimal structure of the universal roadmap for the higher education system of the Republic of Moldova from the point of view of national and institutional levels.

The classic understanding of a roadmap is a graphical display of an action plan to move towards a certain state, which is a strategic goal. This approach allows linking the end result of the strategy with planning the development of the system, as well as building a sequence of upcoming steps in time, that is, from the past through the present to the future. The roadmap is aimed at making practical decisions on the development of higher education system in Moldova. The success of implementation of the measures established in the roadmap largely depends on effective information support at all stages of the reform. The importance of the roadmap is explained by the fact that it is a kind of visual forecast for the future, which makes it possible to clearly trace and evaluate the evolution of the higher education integration process.

The peculiarity of the roadmap regarding the internationalization model is that activities envisaged at the first stage (at the stage of the first strategic initiative) continue their evolution at the second, third and fourth stages, the same happens with activities that were developed and implemented at subsequent stages (at stages of the second, third and fourth strategic initiatives). The activities are related to the achievement of a specific goal and include a number of innovative solutions in areas implemented at national or institutional levels. Each activity developed at national level corresponds to activities at university level.

The roadmap of the model is compiled for a period of several years, with the possibility of regular revision depending on changing conditions, risks, emerging unforeseen situations of the external and internal environment. The main elements of the model roadmap are presented by the author in a diagram in Figure 3.

According to the author, the presented structure of the roadmap aims at accurate resource planning and contributes to the formation of a common understanding of existing problems and ways to solve them among all participants in the upcoming events. In addition, the developed structure of the roadmap for the model is universal, which makes it possible to use it in any conditions, and allows making changes. The structure of the roadmap for higher education internationalization model consists of two main blocks:

- Basic (meaningful description);
- Justifying.

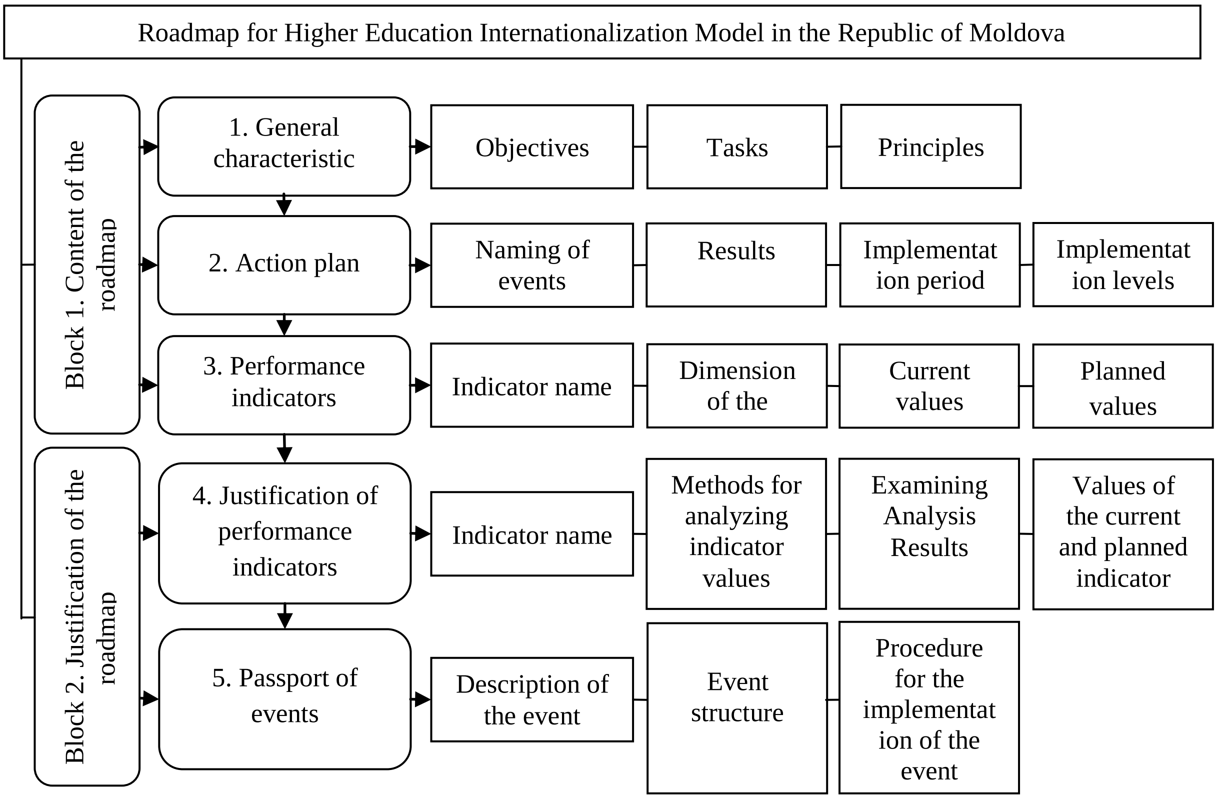


**Figure 3. Structure of the roadmap for higher education internationalization model**
Source: developed by the author

The roadmap action plan should be presented in the form of a table, which contains brief information about each action, level of their implementation and performance indicators and, accordingly, predicted values for the future period.

Roadmap performance indicators are needed to measure and track the outcome of activities. The strategic goals of the map can be formulated for several years. At the same time, each subsequent year, performance indicators are compared with the current one, and based on the information obtained, adjustments to the roadmap measures can be made. Performance indicators reflect the degree of achievement of the goals in the course of the practical implementation of the activities provided for by the roadmap. That is, these indicators allow monitoring the implementation of activities of the first block component - the action plan.
The described first structural block of the model presents a short-generalized basis for the subsequent justification of the roadmap (second block). Thus, their relationship is carried out.

The second block of the model roadmap contains a detailed description of key indicators and an action plan, their justification and interpretation. At the same time, for the sake of ease of use and accuracy of understanding, the author avoids unnecessary detail. As a justification for each event and its goals, the author proposes to develop passports of events, as a decoding of an event plan, which includes three main components arranged in a hierarchical order:

1) description of the event (summary of the event, its essence, purpose and quantitative and qualitative performance indicators);
2) content of the event structure (performers, constituent elements of the event);
3) information about the procedure for the implementation of the event (schedule for the implementation of the event, necessary resources, possible risks, threats).

Substantiation of main indicators, as an element of the second block of the roadmap structure, is a study and data analysis, during which the reflected performance indicators are determined. On the basis of the existing indicators, the expected performance indicators are developed.

The author recommends using this structure of the roadmap for the model of higher education internationalization with strict consideration of all elements, since in the absence of, at least, one of them, the presented diagram loses its meaning, and the roadmap itself will not have a positive practical effect.

IV. Evaluation and performance component. This component reflects the degree of implementation efficiency, both at national and institutional levels, of the activities foreseen under the strategic initiatives of the model. Expert methods are the basis for choosing the most significant indicators. The main vector of development of methodology for model assessment is aimed at a more active and purposeful use of the knowledge of experts, teachers and students participating in the assessment. In order to take into account all possible options and get a complete picture, it is advisable to involve a significant number of experts, teachers and students.

The set of performance indicators and level of higher education internationalization in the Republic of Moldova are selected based on an analysis of the adopted reporting indicators, on criteria of international rankings of universities, as well as on the characteristics of the world’s leading higher education institutions. Indicators can be typologized as follows:

- quantitative (numerical characteristics of teachers and university students studying foreign languages in the process of additional education; number of publications in international publications for each employee; share of employees with international publications; number of students from other countries enrolled in the main educational programs; share of foreign students studying Russian / English;
- quantitative and qualitative (regularity of international events at the university; dynamics of contractual relations with international partner organizations; general characteristics of incoming and outgoing academic mobility at the level of teachers, students and administration; structuring elements of the internationalization management system; development of local regulatory documents; introduction of teaching materials providing teaching of foreign languages);
- qualitative (the degree of involvement in the activities of international non-governmental professional communities; promotion of the university’s image and brand in foreign information resources.

At each of the four levels of internationalization, indicators acquire corresponding values that demonstrate not only quantitative, but also qualitative growth. Introduction of the model proposed by the author implies its practical application and synchronization creating a number of documents, conduct of events both at national and institutional levels. A structural diagram based on a sequence of stages, built in accordance with a hierarchical logical dependence, will help to implement the model and its practical implementation. Successful practical implementation of the developed model is possible only by using a roadmap, according to its flexible structure.

## 5. Conclusions

The current stage of higher education development in the world is characterized by the formation of a global educational space. The Republic of Moldova is facing the task of stimulating the process of integration into the international educational environment. This implies the development of international cooperation, and also the merge of national educational systems in the context of globalization. This can be achieved by strengthening the competitiveness of higher education system and higher educational institutions in the Republic of Moldova. The author proposes to apply the model of higher education internationalization for the formation of a positive image of higher education system and country's proactive behavior in the global market of educational services. In the process of developing such a model it is important to highlight the most promising markets and focus on their development, to determine the most competitive prospects in the field of higher education. To stimulate foreign researchers, teachers and students to choose the Republic of Moldova as a country to work and study, national educational institutions are encouraged to develop international curricula and programs, to apply innovative approaches and technologies in the educational process.

Along with the study of already existing approaches and features of internationalization in modern conditions regarding the development of educational space, the main task of this scientific research was to build a model for higher education internationalization. At this stage of research, for the first time in this paper the author presents a model of higher education internationalization and discloses the content of its structural elements. Scientific work on the development of models, strategic initiatives, set of measures in the context of the process of higher education internationalization will continue.

## REFERENCES

1. ALTBACH, P.G., KNIGHT, J. The Internationalization of Higher Education: Motivations and Realities. Journal of Studies in International Education. 2007, 11, pp. 10-226. ISSN: 1028-3153.
2. BLAGORAZUMNAYA, O., ROBU E. The Marketing Strategies in Innovative Development of Higher Education Institutions, Economics. Social and Engineering Sciences. 2020, pp. 38-45. ISSN 2587-344X.
3. EHEA: European Higher Education Area. Italian BFUG secretariat. http://www.ehea.info] (visited 06.07.2020).
4. KNIGHT, J. Issues and Trends in Internationalisation: A Comparative Perspective, A New World of Knowledge: Canadian Universities and Globalisation. Ottawa: International Development Research Center. 2001, 1, pp. 201-239. ISBN 0889368937.
5. NAFSA: Association of International Educators. NAFSA. https://www.nafsa.org (visited 05.08.2020).
6. ROȘKA, P., ROȘKA, L. Nivelul actual și tendințele de dezvoltare a comerțului internațional cu servicii/ Current Level and Development Trends of International Trade with Services, Economics, Social and Engineering Sciences. 2020, 1-2, 21-31. ISSN 2587-344X.
7. SCALERA, F., BENCHEKROUN, B., AIBOUD, S. The Internationalisation of Higher Education Institutions: a Conceptual Framing Essay. International Journal of Business Management and Economic Research. 2018, 9(3), pp. 1270-1275. ISSN: 2229- 6247.
8. TRIFONOVA, L. Precondiții de perfectare a procesului de internaționalizare a învățământului superior al Republicii Moldova în contextul integrării europene/ Preconditions for Completing the Process of Higher Education Internationalization in the Republic Of Moldova in the Context of European Integration. Revista Științifico-didactică «Economica». 2019, 1(107), pp. 115-107. ISSN 1810-9136.
9. TURNER, Y., ROBSON, S. Internationalizing the University: an introduction for university teachers and managers. https://www.researchgate.net/publication (vizited 13.09.2020).
10. WTO: World Trade Organization. World Trade Organization. https://www.wto.org (visited 23.09.2020).

11. OECD: Organisation for Economic Co-operation and Development. Organisation for Economic Co-operation and Development. https://www.oecd.org (visited 19.02.2020).
12. ДУДАРЕВА, Н.А. Интернационализация российской системы высшего образования: экспорт образовательных услуг/ Internationalization of Russian Higher Education System: Export of Educational Services. Вестник ИГЭУ. 2010, 1, с. 1-5. ISSN 2072-2672.
13. КРЯКЛИНА, Т.Ф. Особенности интернационализации высшего образования в условиях глобализации/ Features of Internationalization of Higher Education in the Context of Globalization. Вестник алтайской науки. 2015, 3–4 (25–26), с. 281–285. ISSN 2307-2334.
14. Стратегия развития образования Республики Молдова на 2014-2020 гг. «Образование-2020»/ Education Development Strategy of the Republic of Moldova for 2014-2020 "Education 2020". https://www.globalpartnership.org/sites/default/files/2016-06-moldova-education-strategy-2014-2020-russian.pdf (visited 09.06.2020).
15. ТРИФОНОВА, Л.И. Особенности интернационализации высшего образования Республики Молдова/ Features of Higher Education Internationalization in the Republic of Moldova, Сборник материалов международной научно-практической конференции «Стандартизация - инструмент повышения конкурентоспособности и интеграции казахстанской продукции в мировую экономику». 2019, с. 150-154. ISBN 978-601-257-193-6.

***Rezumat***

*În acest articol se examinează una dintre tendințele moderne cheie în dezvoltarea învățământului superior - internaționalizarea ca o modalitate de a-și spori influența în străinătate prin utilizarea unui model adecvat. Modelul de internaționalizare a învățământului superior este înțeles în sensul vectorului de dezvoltare a sistemului de învățământ superior la nivel național și la nivelul instituțiilor de învățământ superior individuale prin parteneriate strategice, extinderea cercului comunității academice, mobilizarea resurselor intelectuale interne, extinderea competențelor absolvenților în conformitate cu provocările pieței muncii globale și cerințele angajatorilor. Motivele care au determinat dezvoltarea acestui model pe exemplul Republicii Moldova au fost lipsa unor abordări teoretice relevante în acest domeniu, natura haotică a deciziilor practice în domeniul învățământului superior, acțiunile în domeniul internaționalizării și necesitatea integrării sistemului de învățământ pe piața internațională a învățământului superior.*

*Articolul dezvăluie aspectele teoretice și metodologice ale formării elementelor structurale și conținutul acestora în modelul de internaționalizare a învățământului superior. Dezvoltarea acestui model se bazează pe un studiu teoretic al datelor privind problematica cercetării, precum și pe un studiu empiric care a fost realizat în rândul studenților masteratului internaționalizat al Facultății de Economie și Administrarea Afacerilor. Acest studiu și model pot fi considerate necesare în scopul creșterii gradului de integrare pe piața internațională a serviciilor de învățământ superior și vizează, de asemenea, asigurarea competitivității și recunoașterii sistemului de învățământ superior al Republicii Moldova pe arena internațională.*

***Cuvinte-cheie****: internaționalizarea învățământului superior, model de internaționalizare a învățământului superior, învățământ superior, proces de integrare în învățământul superior, servicii educaționale, educație economică*

***Аннотация***

*В данной статье рассматривается одна из ключевых современных тенденций развития высшего образования - интернационализация как способ усиления его влияния за рубежом при помощи применения соответствующей модели. Модель интернационализации высшего образования понимается в смысле вектора развития системы высшего образования на национальном уровне и на уровне отдельных высших учебных заведений через стратегические партнерства, расширение круга академического сообщества, мобилизацию внутренних интеллектуальных ресурсов, расширение компетенций выпускников в соответствии с вызовами глобального рынка труда и требованиями работодателей. Причинами, побудившими разработать данную модель на примере Республики Молдова, явились отсутствие актуальных теоретических разработок в данной области, хаотичность предпринимаемых практических решений в сфере высшего образования действий в области интернационализации и необходимость интеграции системы образования в международный рынок высшего образования.*

*Статья раскрывает теоретико-методологические аспекты формирования структурных элементов и их содержание в модели интернационализации высшего образования. Разработка данной модели основана на теоретическом исследовании данных по проблематике исследования, а также эмпирическом исследовании, которое было проведено среди студентов интернационализированного* *магистра факультета экономики и делового администрирования. Это исследование и модель можно считать необходимыми для целей повышения степени интеграции в международный рынок услуг высшего образования, а также призвано обеспечивать конкурентоспособность и узнаваемость системы высшего образования Республики Молдова на международной арене.*

***Ключевые слова**: интернационализация высшего образования, модель интернационализации высшего образования, высшее образование, процесс интеграции в высшем образовании, образовательные услуги, экономическое образование*

*Received 12.10.2020*
*Accepted 01.12.2020*
*Published 30.12.2020*

# REVIEWERS

**Sofia CAPATINA,** Associate professor PhD, Trade Co-operative University of Moldova

**Marilena DONCEAN**, Main Researcher III PhD, „Gh. Zane” Institute of Economic and Social Research, Romania

**Elena FUIOR**, Professor PhD, Trade Co-operative University of Moldova

**Oleg IONCU**, Associate professor PhD, Taras Shevchenko Transnistria State University

**Oxana LIVITCHI**, Associate professor PhD, Trade Co-operative University of Moldova

**Ina MALECA**, Associate professor PhD, Trade Co-operative University of Moldova

**Simion MORARU**, Associate professor PhD, Trade Co-operative University of Moldova

**Svetlana MUSTUC**, Associate professor PhD, Trade Co-operative University of Moldova

**Feodosie PITUSCAN**, Associate professor PhD, Trade Co-operative University of Moldova

**Elisaveta TARASOVA**, Professor PhD, Belgorod University of Cooperation, Economy and Law in Belgorod, Russian Federation

**Tatiana ZAVATKI**, Associate professor PhD, Trade Co-operative University of Moldova

**Inga ZUGRAV**, Associate professor PhD, Trade Co-operative University of Moldova

# 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 6-15 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 main elements of the scientific paper will be: the summary (in Romanian, English and Russian), the keywords (in Romanian, English and Russian), 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 24.12.20

Format 60 X 84/8. Printing sheets 9,42. Editorial sheets 5,25. Order 28/2020.

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