

THE COOPERATIVE MOVEMENT IN ROMANIA

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Abstract

The cooperative movement in Romania represented a solution for improving the economic and social conditions of the population, especially in rural areas. This paper tracks the evolution of this movement from the 19th century to the present, analyzing the legislative framework, types of cooperatives, and their impact on rural and urban development. The aim of the paper is to briefly present a historical overview regarding the cooperative movement in Romania. The research methodology is based on a qualitative scientific method. A comprehensive and systematic literature review was carried on by the author. On this line, representative studies and historical analyses are discussed for a better understanding of this phenomenon. In recent years, Romanian cooperatives have faced numerous contemporary challenges such as economic globalization, digitalization, and regulatory changes. The integration of digital technologies into cooperative structures has become essential, enabling better market reach, improved management efficiencies, and enhanced member engagement. The paper demonstrates that the cooperative movement in Romania has evolved significantly, continually adapting its structures and strategies to meet various economic and social needs.

Keywords: cooperatives, rural credit, community development, social economy

Classification JEL: N93, P13, R51

1. Introduction and context of the study

The Romanian cooperative movement emerged during the 19th century, being influenced significantly by European cooperative models, particularly the Raiffeisen system. This system aimed primarily at addressing economic hardships caused by usury, poverty, and limited access to credit among rural populations. Such cooperative models were especially relevant for the Romanian rural societies, where traditional banking services were scarce or inaccessible. The establishment of the first Romanian credit cooperatives in Transylvania can be traced back to communities influenced heavily by Saxon and Hungarian cooperative initiatives, reflecting a cross-cultural exchange of ideas and practices. This period also marked the emergence of notable Romanian cooperative pioneers, such as Visarion Roman, who established the first cooperative bank in Rășinari near Sibiu in 1868, significantly contributing to the cooperative ideal in Romania (Șandru, 2016).

The growth of cooperatives was driven by the collective desire of local communities to improve their socioeconomic conditions and promote self-reliance. Cooperatives provided practical solutions to the harsh economic conditions faced by peasants, artisans, and small-scale traders by pooling resources, sharing risks, and ensuring mutual support, especially in the age of globalization (Cornescu et al, 2004; Toma, 2005; Marinescu and Toma, 2015a). This early adoption of cooperative practices laid a solid foundation for the further development of cooperatives across Romania, enabling them to adapt to changing political and economic contexts over subsequent decades. The cooperative movement thus became a vital vehicle for economic empowerment and social integration, fostering a spirit of solidarity and communal collaboration that would endure throughout Romanian history.

The aim of the paper is to briefly present a historical overview regarding the cooperative movement in Romania. The study is structured as follows: the next section presents the literature

review. The research methodology is illustrated in the third section. The fourth section deals with the results. The paper ends with conclusions.

2. Literature review

Since its appearance, the topic of cooperatives has become a subject of interest for many researchers and practitioners. It is stated that a cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise” (International Cooperative Alliance (ICA), 1995, p. 1). In general, economics “treats cooperative firms as labour-owned entities, whose successes and failures relate primarily to the organizational structure arising from the type of ownership and control” (Novkovic, 2008, p. 2168). As organizations, cooperatives need a stable management (Toma, 2008a; Toma and Marinescu, 2015) and a visionary leadership (Marinescu and Toma, 2015b; Grădinaru et al, 2020; Toma et al, 2020a; Toma et al, 2020b; Toma, 2024a), strategic oriented (Toma et al, 2016a; Toma and Grădinaru, 2016) and capable at designing and planning various strategies (Toma et al, 2016b; Toma, 2024b). As cooperatives have not only social aims but also economic purposes, they should demonstrate a clear entrepreneurial approach ((Toma et al, 2017; Toma, 2019; Catană et al, 2020; Toma et al, 2021; Toma, 2023) combined with socially responsible behavior (Toma, 2008b; Marinescu et al, 2010; Toma et al, 2011a; Toma et al, 2011b; Toma, 2012). This is why organizational learning and training (Toma, 2011; Marinescu and Toma, 2013; Toma and Hudea, 2024) play a key role in their development.

Cooperatives in Romania were strongly influenced by German and English models, notably the Rochdale model, founded in England in 1844. Romanian intellectuals, priests, and teachers played critical roles in expanding cooperative movements, particularly credit cooperatives, across rural communities (Șandru, 2016). Ion Ionescu de la Brad significantly contributed to introducing modern cooperative practices to Romanian rural areas, advocating credit associations to alleviate peasant indebtedness and poverty (Ministerul Cooperăției, 1945). The Astra Association also played an instrumental role by advocating for combined Schulze-Delitzsch-Raiffeisen cooperatives, tailored specifically to the Romanian rural realities and social contexts (Nicolaescu, 2016).

In the period leading to the Great Union in 1918, Romanian cooperatives, particularly those in Transylvania, experienced significant challenges. Despite efforts by Romanian intellectuals and political leaders to encourage cooperative associations among rural populations, progress was relatively slow compared to other regions due to economic constraints and discriminatory policies implemented by the Hungarian administration (Șandru, 2016). Romanian communities preferred to use commercial banks due to distrust of cooperative principles introduced by dominant nationalities, further hindering cooperative development (Șandru, 2016).

3. Methodology

The research methodology is based on a qualitative scientific method. A comprehensive and systematic literature review was carried on by the author. He searched for information in various databases and gathered them from articles and books.

4. Results and discussion

The cooperative banks and credit associations significantly improved rural economies by providing access to affordable credit and reducing the influence of exploitative moneylenders. These institutions contributed substantially to agricultural development and economic stability in rural areas, also fostering social solidarity and communal responsibility (Șandru, 2016; Drecin, 1985).

By the early 20th century, credit cooperatives had notably expanded, particularly after 1900, reflecting increasing support from the Romanian political elite and intellectual circles. Romanian

cooperatives were structured diversely across regions, known variously as popular banks, mutual aid societies, or agricultural cooperatives, each tailored to local needs (Șandru, 2016).

According to Law No. 1 of 2005, modern cooperatives in Romania fall under several clearly defined categories, including artisanal, consumer, agricultural, housing, fishing, transportation, and forestry cooperatives. This law provides a contemporary framework designed to enhance the relevance and adaptability of cooperatives to current economic realities (Monitorul Oficial, 2014).

Cooperatives in socialist Romania experienced major structural changes, becoming integral components of the centrally planned economy, with substantial state oversight, especially after 1945. Post-war cooperatives were vital in managing shortages, organizing retail systems, and facilitating agricultural production and trade (Ministerul Cooperăției, 1945).

In the current era, Romanian cooperatives continue to play a critical role in promoting sustainable development. They actively address local community demands, facilitate inclusive economic growth, and prioritize sustainable practices. The modern cooperative movement focuses not only on economic objectives but also emphasizes social cohesion and community welfare, highlighting cooperatives' flexibility in adapting to shifting economic landscapes and contemporary challenges (Monitorul Oficial, 2014).

In recent years, Romanian cooperatives have faced numerous contemporary challenges such as economic globalization, digitalization, and regulatory changes. The integration of digital technologies into cooperative structures has become essential, enabling better market reach, improved management efficiencies, and enhanced member engagement (ICA 2022).

However, cooperatives still grapple with limited access to funding, especially for innovative and sustainable projects. Financial institutions often underestimate the potential of cooperatives due to misconceptions about their structure and operation. Consequently, improving financial literacy and advocating policy changes to facilitate better funding options have become strategic priorities within the cooperative sector (ILO 2021).

Education and training programs specifically tailored to cooperative management are increasingly recognized as essential for maintaining operational efficiency and sustainability. Cooperative leaders highlight the importance of comprehensive training to better prepare members for leadership roles and to foster a deeper understanding of cooperative values among younger generations (EURICSE 2020).

Moreover, adapting cooperative practices to international standards and market dynamics remains crucial for competitiveness. Efforts to align Romanian cooperatives with EU cooperative principles and regulations have increased, emphasizing transparency, democratic governance, and community orientation (European Commission 2022).

5. Conclusions

All over the world, the role of cooperatives in the socio-economic development of a country has been increasingly recognised. The cooperative movement in Romania has evolved significantly, continually adapting its structures and strategies to meet various economic and social needs. The initial influences from Western cooperative models merged with unique local requirements, resulting in a robust and diverse cooperative landscape that has notably improved rural economies and strengthened community resilience. The cooperative movement remains relevant, functioning as a vital component in achieving sustainable economic development and enhancing social solidarity across Romania.

6. Bibliography

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