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## Application of European Corporate Governance Principles in the Planning Activities of Post-War Ukraine's Multi-Level Consumer Co-operation System

**Abstract**

The Association Agreement between Ukraine and the EU requires Ukraine to consider the adoption of a European model of corporate governance. The EU has a wealth of experience in the effective management of consumer co-operation, which can inform the development of best practices for Ukraine. The *subject of the study* is the adaptation and substantiation of the current specifics of the application of European principles of corporate governance in the process of planning the activities of a multi-level system of consumer co-operation in Ukraine. This study employs a range of general scientific methods, including modelling, economic analysis, forecasting, a system approach and synthesis. These *methods* have been used to develop generalisations and conclusions related to the object of research as a whole, namely the multi-level and multi-sectoral system of consumer co-operation in Ukraine. The objective of this study is to justify the implementation of European principles, mechanisms and tools of corporate governance, based on a comprehensive analysis, with the aim of optimising the planning processes and the development of a multi-level system of consumer co-operation in Ukraine. The fundamental characteristics of co-operative systems have been elucidated, and the principal distinctions between them and corporations have been identified. The functions of the corporate governance system are examined and a conclusion is reached regarding their alignment with the responsibilities and principles of consumer co-operation. The factors that contributed to the success of the development of the consumer co-operation trade sphere in the Soviet period are identified. This study considers the information base for planning the retail turnover of consumer co-operatives in the context of a planned economy. It identifies the main shortcomings and weaknesses of this approach. The principal indicators of activity for consumer co-operatives in Ukraine are examined in the context of their statutory mission. In light of the application of the substitution method, potential indicators of trade turnover for consumer co-operatives, contingent upon collaboration up to the level of 1990, are modelled. It can be concluded that the system of consumer co-operation has not yet fully adapted to the new economic conditions, new legislation and processes of increasing competition in the market, despite the transition to a market economy. In light of the aforementioned circumstances, it is imperative to implement European principles of corporate governance and contemporary international principles governing the advancement of the co-operative movement within the framework of consumer co-operation. The principles of corporate governance, developed by such international organisations as the Organisation for Economic Co-operation and Development, the European Confederation of Shareholder Associations, and the European Bank for Reconstruction and Development, have been subjected to detailed analysis. The evolution of the corporate governance system has been delineated with respect to the consumer co-operation. This trend coincides with the imperative necessity for the consumer co-operation of Ukraine to reform its planned system, which represents a key component of its commitment to more effective management. The necessity for additional harmonisation of Ukrainian co-operative legislation with European legislation has been established. The composition of the information base for the development of indicators of the plan of retail turnover of the consumer society in the modern context is justified. The article's *primary conclusions* are that the negative trends and the quantitative and qualitative indicators of consumer co-operatives in Ukraine can be halted and improved through the implementation and advancement of institutional co-operative advantages, which are codified by legislation and validated by both domestic and European experience. Consequently, members of consumer societies and potential shareholders must be regarded as a central object and

**Keywords**

European integration, European principles of corporate governance, co-operative reform, consumer co-operation, corporate governance, member of a co-operative union, planned system, controlling

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subject of planning, regulation, operational activities and the development of consumer co-operatives. In the context of the implementation of the decentralisation policy in Ukraine, in order to optimise the relations between co-operative enterprises and organisations at the horizontal and vertical levels, it is necessary to plan the development of the co-operative system as a component of regional development. The use of IT technologies will allow automating all operational processes, using the full range of planning forms and methods, and at the same time preserving the scientifically sound principles of consumer co-operation development as a system with the possibility of medium- and long-term planning.

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## 1 Introduction

Today consumer co-operatives, as well as the whole economy of Ukraine, are in a state of profound economic transformations. The weakening of the position of co-operation in the market of goods and services is influenced by a number of objective and subjective reasons, among which the most important are slow adaptation to new legislation and modern economic conditions, increased competition from business entities of other forms of ownership, slow introduction of modern methods of planning and corporate governance, insufficient use of the advantages of co-operation in the context of its functioning as a single system. In this context, it is important for consumer co-operatives in Ukraine to introduce the European experience of corporate governance, the main principles of which do not contradict the co-operative model of management.

The socio-economic importance of the reform of the management system of consumer co-operatives in Ukraine is due to the fact that, due to certain historical circumstances, domestic consumer co-operatives were entrusted by the state with the implementation of important socio-economic tasks in urban and rural areas – procurement of agricultural products and raw materials, trade and consumer services for the population, organisation of public catering, development of market infrastructure, etc. Consumer co-operatives have always carried out the tasks of socio-economic development from their own resources, without any significant support from the state, while paying all compulsory payments and taxes provided for by law, developing infrastructure in urban and rural areas at their own expense.

Today, it is only through the development and consolidation of efforts of various types of co-operation – consumer, service, sales, credit, and through the revival of co-operative business activities – that the economic efficiency of co-operative production can be increased, high social standards of life in rural areas can be achieved, and the formation of a middle class can be intensified by involving various segments of the population in the co-operative movement. For a long time, consumer co-operatives have been providing services to the population in cities and villages of Ukraine, forming market infrastructure (food markets, procurement

points, warehousing, logistics, etc.). Today, it is in the process of defining the conceptual foundations and priorities for further development.

The intensifying competition in the market of goods and services, coupled with the necessity for adaptation to evolving legislative frameworks, has given rise to the imperative for the introduction of an innovative model of management for the multi-level system of consumer co-operation in Ukraine. European trends indicate that the most effective approach to managing co-operatives is the corporate model, which does not contravene the principles of international co-operation. Currently, the system of consumer co-operation in Ukraine is undergoing a period of adaptation of co-operatives to modern conditions. The competitiveness of the consumer co-operation system in the market and its financial stability in the future will depend on the speed with which the corporate form of management can be implemented. Nevertheless, in Ukraine, the processes of implementing the principles of corporate governance are still in their infancy. At the legislative level, there is a lack of consensus on the principles and a clear definition of approaches to corporate governance, which would serve as guidelines for their implementation at enterprises, institutions and organisations.

The most well-known principles of corporate governance were developed and first approved in 1999 by the Organisation for Economic Co-operation and Development (OECD) and the G20 countries together with the Basel Committee on Banking Supervision, the Financial Stability Board and the World Bank Group. The aforementioned principles, which were revised on two occasions (in 2004 and 2015), are currently accepted on a global scale and serve as an international benchmark for government agencies, corporations, investors and other institutions. In the contemporary era, business in developed European countries has long been aware of the significance of introducing and enhancing corporate governance. This is achieved through the implementation of national principles and codes of corporate governance.

The implementation of European standards of corporate governance within the framework of consumer co-operation will facilitate the development of a transparent and promising investment opportunity, enhancing interaction with state and

local authorities. The effective advancement of consumer co-operation presents a valuable opportunity to enhance the well-being of the population in rural areas, implement further measures for socio-economic development and achieve sustainable development goals in cities and villages. Furthermore, it will foster the formation of a reliable long-term partnership between the state and consumer co-operation. In order to facilitate the effective development of the consumer co-operation system, it is essential to adapt the fundamental European principles of corporate governance, taking into account the extant historical experience of domestic co-operation in the market of goods and services, as well as the prevailing trends and particularities of the international co-operative movement.

**Statement of the problem and relevance of the study.** The implementation of the EU-Ukraine Association Agreement provides for the introduction of European management principles into the Ukrainian economy. This task is also relevant for consumer co-operatives, which are full members of international co-operative organisations such as the International Co-operative Alliance (ICA), the European Union of Consumer Co-operatives (Euro Coop) and others.

The National Securities and Stock Market Commission (NSSMC) has approved the Corporate Governance Principles to implement the standards developed by the Organisation for Economic Co-operation and Development (OECD), the European Confederation of Shareholders' Associations (ECSA) and the European Bank for Reconstruction and Development (EBRD) (The Decision of the National Securities and Stock Market Commission "On Approval of the Corporate Governance Principles"). These standards clearly define the principles of relationships between key corporate stakeholders: shareholders, managers, directors, creditors, employees, suppliers, customers, government and society.

The Principles pay special attention to shareholder rights. These rights apply to all shareholders regardless of the number of shares they hold.

The concepts of "corporation" and "co-operation" have both common and distinctive features. This paper will focus on their common substantive aspects.

Modern economic dictionaries give the following interpretation: a corporation is a group of persons who have united to achieve common goals, carry out independent activities and form a separate legal entity.

In accordance with Article 1, the Law of Ukraine "On Consumer Co-operation" defines consumer co-operation as "a voluntary association of citizens for conducting economic activity jointly in order

to improve their economic and social situation" (The Law of Ukraine "On Consumer Co-operation").

The principles of corporate governance fully comply with the goals and principles of consumer co-operation set out in the Model Charter of a Consumer Society, the Laws of Ukraine "On Consumer Co-operation", "On Co-operation", "On Co-operation Issues", the Charters of Euro Coop, the International Cooperative Alliance, and so forth (The Law of Ukraine "On Consumer Co-operation"; Model statute of the consumer society).

In light of the aforementioned facts and the author's research (Koshkarov, 2011), it is proposed that the fundamental tenets of the Corporate Governance Principles be reworded in a manner that aligns with the terminology typically employed in the context of consumer co-operation.

The objective of the co-operative management system is to engage shareholders as a source of investment, safeguard their rights, guarantee equal treatment, including that of small and foreign shareholders, recognise the statutory rights of interested parties, encourage active collaboration between consumer society and interested parties for the creation of welfare, jobs and financial stability, and guarantee transparency of information, including on financial status, productivity, ownership and management. The system should provide strategic management for the consumer company, effective oversight of activities, and reporting by the consumer company's board. Furthermore, it should ensure the realisation of property rights for shareholders. The practice of co-operative management should be oriented towards the continuous optimisation of the company's operational activity and the generation of shareholder income.

There is also a need for the introduction of European corporate governance standards because they will not only lead to "taking into account the interests of a wide range of stakeholders, which will ensure that the activities of the partnership are for the benefit of society and the growth of national wealth", but also "increase their competitiveness and economic efficiency by ensuring that the interests of shareholders are properly taken into account, promote the development of investment processes, ensure and strengthen investor confidence, improve the efficiency of capital use and the activities of companies" (The Decision of the National Securities and Stock Market Commission "On Approval of the Corporate Governance Principles").

**The relevance** of the research topic is also determined by the following:

- The revival and reform of Ukraine's post-war consumer co-operative system, its adaptation to the conditions of a market economy and modern legislation, including European legislation, is now an urgent need, the implementation of which will determine its future fate. "If the negative

trends continue, there is a possibility that in a few years Ukraine's consumer co-operatives will face a systemic crisis that could lead to its decline and termination." (The Resolution of the XXI (Extraordinary) Congress of Consumer Co-operatives of Ukraine "On the Programme of Further Reform of Consumer Co-operatives of Ukraine");

- The International Principles of Corporate Governance are an indispensable link in the economic relations of a society on its way to European integration and are evaluated by the results of their application. In the event of significant changes in consumer co-operation, these Principles should be used as a resource, an evolutionary driving force with predictable results;
- The European vector of development of the multi-level system of consumer co-operation in Ukraine certainly affects its management system, in particular, its component – planning.

**Analysis of fundamental research and publications.** The problems of development, strategy and tactics, planning in the context of the formation of new socio-economic relations in Ukraine are relevant for consumer co-operation with its 150-year history. They are the subject of many scientific studies by Ukrainian and foreign scholars.

The basic principles of the theory of the co-operative movement were developed in the first half of the nineteenth century by Robert Owen. They became the basis for the establishment of the Rochdale Society (1844).

K. A. Saint-Simon, F. W. Raiffeisen, Charles Fourier and others are considered to be the pioneers of the co-operative movement.

Such prominent scientists as M. Tugan-Baranovsky (Political Economy. The popular course), J. Voloshinivsky, I. Vitanovsky, B. Martos, O. Chayanov, K. Levitsky, P. Pozharsky, P. Vysochansky, B. Stopnevich, S. Geley, and others studied the co-operative nature of economics.

International research and successful experiences of co-operatives were published by scholars: J. Birchall (The international co-operative movement), E. Furlough (Political Economy. The popular course), C. Strikwerda, T. Yamashita, and others.

The problems of reforming the co-operation after the 90's were studied by G. Bashnyanin, V. Apopiy, S. Babenko, V. Semchik, V. Goncharenko, M. Aliman, V. Smoliy, A. Panteleymonenko, P. Kutsyk, F. Gorbonos, V. Heyets, A. Drabovsky, O. Bila, and others.

**Unresolved issues.** R. Owen based his doctrine on the spiritual union of people. The studies of M. Tugan-Baranovsky cannot be applied originally due to the theoretical, legal, socio-economic uncertainties of the current transitional period of the Ukrainian economy. A. Chayanov's basic principles of co-operation are now arbitrarily interpreted by practitioners without scientific arguments. Foreign researchers do

not consider Ukrainian issues. The program for the further reformation of consumer co-operatives in Ukraine (The Resolution of the XXI (Extraordinary) Congress of Consumer Co-operatives of Ukraine "On the Programme of Further Reform of Consumer Co-operatives of Ukraine") declared tactical measures for future reforms without methodological support. The multi-vector practice of the modern co-operative movement in Ukraine, and the unsatisfactory results of its activity, require continued studies of consumer co-operation on the way to European integration under the IV Industrial Revolution, especially after the war.

## 2 Peculiarities of Planning the Activities of Consumer Co-operatives in a Planned Economy

In the Soviet era, the "planned" economy enabled consumer co-operation to undertake a substantial volume of activities and achieve comprehensive territorial coverage of consumer societies and enterprises with horizontal and vertical interconnections. This was achieved through the integration of regional and sectoral management principles. This was made possible by the co-operative nature of consumer co-operation and the establishment of an effective planning system. The integration of consumer co-operation facilitated the coordination of diverse industries, including harvesting, processing and production, catering, and trade, within a unified framework. In 1990, for example, the share of co-operative trade reached 31% in the all-Ukrainian commodity turnover (Table 2). Such indicators were reached due to many factors, such as:

- Funds from centralised sources, own production, foreign economic contracts, and so forth;
- a "deficit" economy, lack of a tangible competitive environment in the locations of consumer co-operative societies;
- a scientific approach to management and development, including planning, through the introduction of innovations by all-union, republican, and regional co-operative Research Institutes of the Consumer Co-operative Economy (RICCE), Laboratories, the Bureau for Demand Studies (BDS), the Scientific Organization of Labor and Management (SOLM), design institutes of Automated Management Systems (AMS), and so on;
- the creation of the All-Union and Republican Funds for the Development of Science and Technology "to improve the planned work". The plans have always shown positive dynamics due to the application of the principle of "growth from what has been achieved". The reserves were activated by additional planned tasks;

- development and implementation of Target Integrated Programs for specific problematic and perspective fields, which coexisted with current plans;
- a combination of long, medium, and short-term planning with additional tasks, etc.

The information base for planning retail turnover, for example, is described in Table 1.

In the author's opinion, the main drawbacks of such planning were as follows:

The application of the planning principle, "bringing plans from above," also known as the "control figures," revealed a significant discrepancy in the vertically structured management system. This system failed to account for a substantial amount of information from the main grassroots co-operative level;

- orientation towards centralised (stock) provision of goods turnover;
- insufficient timeliness of information in the context of formalised accounting, which leads to the loss of certain short-term factors that influenced operating activities (positively or negatively);
- the prevalence of quantitative indicators was superior to qualitative ones;

- the rate of growth of labour productivity, introduction of innovative forms and methods of work, advanced technologies, and the latest equipment in consumer co-operation was insufficient. When automated control systems (ACS) were created, the planning system was given a secondary role;
- the number of shareholders and its growth dynamics were planned, but the results of serving them as customers were not.

### 3 Modern Mechanisms and European Recommendations for Improving Planning and Management Processes in the Consumer Co-operative System of Ukraine

Following the dissolution of the Soviet Union and the subsequent declaration of independence, Ukraine has undergone a significant transition from a centrally planned to a market-based economic system. This new model is characterised by competition, the free movement of goods and services, and the emergence of novel forms of management. During this period, the system of consumer co-operation in

TABLE 1 Information for the development of indicators for planning the retail turnover of a consumer society (CS) in a "planned" economy (Guidelines for planning indicators of economic and financial activities of the consumer society in the new business environment)

Indicators	Sources of information
1	2
1. Material and technical base. 1.1. Number, sales area and trade turnover of stores.	Planning Department, Account Section of CS.
2. Volume and structure of retail turnover 2.1. Volume and structure of retail turnover Including: - Commercial network turnover; - mass catering turnover; - agricultural products turnover.	Planning Department, Account Section of CS.
3. Volume and structure of commodity stocks. 3.1. Commodity stocks norms.	Sales Department, Account Section of CS Planning Department, Sales Department of CS.
4. Social and economic indicators of CS servicing area. 4.1. Population, social status, sex and age. 4.2. Wage. 4.3. Other income of the population.	District Statistics Department.
5. Volume and structure of demand and consumption. 5.1. Total volume and structure of population's demand. 5.2. Factual norms of consumption. 5.3. Rational norms of consumption. 5.4. Sample research of market analysis data. 5.5. Consumption Projection Data.	Demand Studies Laboratory, Planning Department, Sales Department of CS.
6. Average retail prices, price indices. 6.1. Retail price indices. 6.2. Calculated average prices.	Demand Studies Laboratory, Planning Department, Sales Department of CS.
7. Commodity support for retail turnover. 7.1. Centralised provision. 7.2. Decentralised market-based funds. 7.3. Goods of own production.	Regional and District Societies, District Statistics Department, Planning department, Sales department of CS.

Ukraine continued to be structured according to the organisational principles that had been developed during the previous decades. As a consequence of the aforementioned developments, the system of consumer co-operation witnessed a weakening of economic ties and a concomitant decline in the volumes and indicators of its economic activity. This was primarily due to the fact that the consumer co-operation system was not fully adapted to the new business conditions and new legislation.

Consumer co-operatives "...underestimated the development of a complex economy, the growth of a competitive environment, which, together with the global crisis, led to a significant reduction in the volume of activities... weakening of the financial position and social mission of consumer co-operatives, and a significant outflow of members of consumer societies." (Table 2) (Bila, 2005)

It is widely acknowledged that the efficacy of a system is contingent upon its capacity to respond effectively to the challenges it encounters. In such circumstances, consumer co-operatives in Ukraine should utilise the existing system resources for development in conjunction with their statutory mission, and implement the most effective European and global co-operative experience.

E. Tugan-Baranovsky stated: "The power of a consumer society and its main advantage in the

struggle against capitalist enterprise lies in the fact that the consumer society always has a secured market. It does not need to look for buyers because it is, in fact, made up of buyers. It follows that the workers can accumulate the means of production with the help of consumer associations only to the extent that they act on the market as buyers." (Tugan-Baranovsky, 1994, pp. 233-235) A. Chayanov posits that the strength of a co-operative is contingent upon the number of members involved.

This is the classical view of "consumer purpose" co-operatives – meeting the personal needs of their members. If one considers the postulates of the classical approach in the modern European context, the principles of boundary management deserve attention. They can be interpreted as a lower limit – the scope of activities is guaranteed and depends on the number of actual members of the organisation.

In this context, the planning process should include mandatory calculation and forecasting of the lower boundary and possible development in a market economy when serving "third parties" – "potential shareholders", "consumers" (upper boundary).

Here is a recent example. The inhabitants of one of the districts of Brussels (Belgium) have formed a co-operative (with two thousand people) and opened a supermarket. They choose the suppliers of the goods themselves and set the prices. In order not

TABLE 2 Indicators of the consumer co-operation activity in compliance with its statutory mission (on the example of trade industry) [11-14; 19-20]

Indicators	1990	2015*	2018*	2021*
1	2	3	4	5
1. Population of Ukraine, thousand persons.	51,944	42,760	42,153	41,167
2. Number of people served by consumer co-operatives, thousand persons; - as a percentage of the total population, %.	22,155 42.7			
3. Members of co-operative societies (incl. associate members), thousand persons; - as a percentage of the total population, %; - as a percentage of the population served, %.	12,305 23.7 55	180 0.42	130 0.31	112 0.27
4. Retail trade network of Ukraine: - million UAK; - million UAH.	71,745	487,600	668,400	1,443,833
5. Retail turnover of consumer co-operatives of Ukraine: - million UAK; - million UAH; - as a percentage of the retail trade network of Ukraine, %.	22,234 31	4,350 0.89	6,408 0.96	7,271 0.50
6. Number of regional consumer co-operatives.	476	400	394	356
7. Number of consumer co-operatives.	2,010	1,986	1,900	1,656
8. Number of consumer co-operative stores, thousand units.	73.6	6.7	4.8	4.4
9. Retail space of consumer co-operative stores, thousand m <sup>2</sup> .	5,661	535	430	382
<b>As calculated:</b>				
1. Retail trade network of Ukraine per consumer, UAH.		11,403	15,856	35,072
2. Number of shareholders per one consumer co-operative, persons.	6,121	91	68	67
3. Number of shareholders per one consumer co-operative store, persons.	167	27	24	25
4. Number of people served by consumer co-operatives per one store, persons.	301			
5. Average area of a consumer co-operative store, m <sup>2</sup> .	77	80	78	87

\* Excluding temporarily occupied territories in Donetsk and Lugansk oblasts, and the Autonomous Republic of Crimea.

to pay wages to hired workers, each member of the co-operative has to work three hours a month in the store for free. Products are sold at a minimum price. Prices have fallen by 15 per cent. Third parties are given a one-off offer to become members of the co-operative. Similar co-operatives have been set up in other districts of the city (In Brussels, residents of the area opened their own supermarket). As a co-operative, the store has guaranteed volumes and competitive advantages.

In the international principles of corporate governance, the issue of relations with stakeholders, including consumers, local communities, etc., is considered separately. This means that the upper limit has a much broader meaning. For example, the Romanian Parliament adopted the Law On The Organization And Functioning Of Cooperative (with amendments in 2017), which in Art. 4 states that "a consumer co-operative is an association of individuals engaged in joint activities for the supply of products to the members of the co-operative, which they purchase or produce in order to provide services to their members and third parties" (LEGE nr. 1 din 21 februarie 2005 privind organizarea și funcționarea cooperăției).

The topic of the study and the content of subsequent proposals are delineated by means of economic indicators pertaining to the period of market relations in Ukraine, extending from 1990 until the last pre-war year (2021).

The theory corroborates the causal relationships between the number of consumer societies' members (shareholders), potential shareholders (people served by consumer co-operatives) and the outcomes of the statutory activities of consumer societies.

Therefore, the author modelled possible indicators of the turnover of consumer co-operatives under the condition of reduction of co-operation to the level of 1990 using the substitution method – multiplying the turnover per consumer in the respective year by the number of consumer co-operative shops and the number of shareholders per shop in 1990 (167 people) and the number of people served by consumer co-operatives per shop in 1990 (301 people).

In 2015, the turnover of consumer co-operatives in Ukraine, with an actual 4,350 million UAH, would have appeared as follows:

- Shareholders (11,403 UAH x 6,700 stores x 167 shareholders per store) –12,759 million UAH. The increase is almost three times;
- residents who could be served by the consumer co-operative (11,403 x 6,700 x 301) –22,996 million UAH. The increase is almost fivefold.

In 2021, with an actual turnover of 7,271 million UAH, the company's turnover may increase to 25,771 million UAH and 46,450 million UAH, which is 3.5 times and 6.3 times more, respectively.

After the war, the number of people and co-operatives may change, but the proportions will remain the same.

#### **4 Conclusions and Proposals, Perspectives for Further Studies**

1. The implementation of international corporate governance standards in the multi-level system of consumer co-operation developed by the Organisation for Economic Co-operation and Development fully meets the objectives of restoring the welfare of the population and enables people to co-operate both on traditional terms and on the basis of new principles of work in consumer societies. This will lead to "increasing their competitiveness and economic efficiency by ensuring... due attention to the interests of shareholders, promoting the development of investment processes, ensuring confidence and increasing investor confidence; increasing the efficiency of capital use and company operations" (The Decision of the National Securities and Stock Market Commission "On Approval of the Corporate Governance Principles").

Existing consumer associations and unions can become the organisational basis for changing and reviving consumer co-operation in Ukraine through co-operation. Their number (Table 2) has hardly decreased (the decrease was due to the temporarily occupied territories of the Autonomous Republic of Crimea, parts of Donetsk and Luhansk oblasts). The material and technical base consists of operating stores, leased stores, mothballed stores, construction in progress, leased premises, etc.

2. Members of consumer associations, potential shareholders and consumers should become one of the central objects and subjects of planning, regulation, operations and development. The category of "consumer" requires regulatory and economic regulation. Therefore, when planning retail turnover in consumer co-operatives, it is suggested that additional information (to Table 1) should be used, as shown in Table 3.

3. The planning of the development of the existing multi-level consumer co-operative system is influenced by the processes of decentralisation (optimisation) in accordance with the Draft Law "On the Principles of the Administrative and Territorial Structure of Ukraine" (The Draft Law "On the Principles of the Administrative and Territorial Structure of Ukraine") approved by the Cabinet of Ministers – the introduction of a three-tier system: regions (oblasts and the Autonomous Republic of Crimea), sub-regions (raions), and communities (the basic level is one or more villages, amalgamated hromadas).

4. In order to optimise relations between co-operative enterprises and organisations (at the horizontal and vertical levels), it is necessary to plan

TABLE 3 Additional information for the development of indicators on retail turnover plan of the consumer society (CS) under the current circumstances

Indicators	Sources of information
1	2
1. Volume and structure of retail turnover. 1.1. Volume and structure of retail turnover of shareholders, associate members, potential shareholders, consumers, including in: - Commercial network turnover; - mass catering turnover; - agricultural products turnover.	Automated Management Systems (AMS).
2. Social and economic indicators of CS servicing area. 2.1. Population, social status, gender and age, including shareholders, associate members, potential shareholders, users of automated management systems. 2.2. Wages, including shareholders, associate members, potential shareholders, consumers. 2.3. Other incomes of population, including shareholders, associate members, potential shareholders, consumers.	Pension Fund, Tax Inspectorate, others.
3. Volume and structure of demand and consumption including: shareholders, associate members, potential shareholders, consumers. 3.1. Total volume and structure of population's demand, including shareholders, associate members, potential shareholders, consumers.	Automated Management Systems (AMS).
4. Commodity pledge of retail turnover. 4.1. Purchases through Prozorro system. 4.2. E-procurement.	Automated Management Systems (AMS).

the development of the co-operative system as a component of regional development, for example, in the form of regional, cross-border, international clusters, etc. that are users of state and international investment projects.

5. Consumer co-operation wins only when it works as a system. This applies to ownership issues and the economic mechanism, which determines, for example, the construction of the trade industry based on the experience of the best domestic and foreign companies (procurement and processing, production, wholesale and retail, service) with guaranteed sales of products to members of consumer associations and potential shareholders and consumers.

6. The use of IT technologies makes it possible to optimise all operational processes in the trade sector, introduce a full range of forms and methods of planning all types of activities (rationing, limitation, budgeting, object-oriented modelling,

simulation modelling, methods of risk forecasting and operational programme development, systematic approach, etc.), economic syntheses, controlling, marketing, etc. on the basis of the IV Industrial Revolution. At the same time, the scientific component of the development of consumer co-operation as a system with the possibility of its medium- and long-term planning will be preserved.

7. The article considers certain issues of compliance of the management system in consumer co-operatives of Ukraine with modern international and European standards of accounting, control, analysis, financial reporting, their information support, etc. (Koshkarov, 2015)

8. The Law of Ukraine "On Consumer Co-operation", adopted in 1992, requires updating the above and other issues.

A systematic approach to computer-integrated management models and an information resource are the topics of the following publications.

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