


COOPERATIVE GROUP IN CURRENT VIETNAMESE COMMERCIAL ENVIRONMENT

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ARTICLE INFO	ABSTRACT
<p>Article history:</p>	<p>Purpose: The article researches the compatibility between the cooperative group and the current commercial environment in Vietnam to propose for improvement to the laws and for promotion of development of the cooperative group.</p>
<p>Received 04 October 2022</p>	<p>Theoretical framework: Recent literature points out that the cooperative group model is quite suitable for the production and business psychology of citizens in Vietnam. In the current stage of development, however, from the influence and impact of international integration and the increasingly fierce competitive pressure of various types of enterprises, the cooperative group have encountered many difficulties to survive. On the other hand, in the context of judicial reform in Vietnam, the issue of complete law system and expanding the freedom to business has always been paid special attention by the Party and Vietnam State.</p>
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<p>Keywords:</p>	<p>Findings: According to research, the cooperative group is well adapted to Vietnam's commercial environment because it is compatible with investor psychology and meets the conditions and circumstances of nature, economy and society. However, since Vietnam's deep integration with the rest of the world, the cooperative group model has faced numerous difficulties and challenges, and if suitable solutions are not found, it is very likely that this collective economy will become increasingly difficult. As a result, the article suggests some important solutions, such as offering cooperative group legal status and requiring more preferential lending policies with long loan terms, simple and quick loan procedures, and easy team cooperation.</p>
<p>Cooperative Group; Commercial Environment; Law; Vietnam Economy.</p>	<p>Research, Practical & Social implications: This research may support many develop future research in Vietnam.</p>
	<p>Originality/value: The study of the freedom to business become more and more urgent and very important in Vietnam.</p>
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GRUPO COOPERATIVO NO ATUAL AMBIENTE COMERCIAL VIETNAMITA

RESUMO

Objetivo: O artigo pesquisa a compatibilidade entre o grupo cooperativo e o atual ambiente comercial no Vietnã para propor melhorias às leis e para a promoção do desenvolvimento do grupo cooperativo.

Estrutura teórica: A literatura recente aponta que o modelo do grupo cooperativo é bastante adequado para a produção e psicologia empresarial dos cidadãos no Vietnã. No atual estágio de desenvolvimento, no entanto, pela influência e impacto da integração internacional e pela pressão competitiva cada vez mais feroz de vários tipos de empresas, o grupo cooperativo tem encontrado muitas dificuldades para sobreviver. Por outro lado, no contexto da reforma judicial no Vietnã, a questão do sistema jurídico completo e da expansão da liberdade de negócios sempre recebeu atenção especial por parte do Partido e do Estado vietnamita.

Design/metodologia/abordagem: Os autores combinaram métodos tradicionais de pesquisa da ciência jurídica, tais como método de análise jurídica, método de avaliação da eficiência jurídica e método de comparação jurídica.

Descobertas: De acordo com a pesquisa, o grupo cooperativo está bem adaptado ao ambiente comercial do Vietnã porque é compatível com a psicologia do investidor e atende às condições e circunstâncias da natureza, economia e sociedade. Entretanto, desde a profunda integração do Vietnã com o resto do mundo, o modelo de grupo cooperativo tem enfrentado inúmeras dificuldades e desafios, e se não forem encontradas soluções adequadas, é muito provável que esta economia coletiva se torne cada vez mais difícil. Como resultado, o artigo sugere algumas soluções importantes, tais como oferecer um status legal de grupo cooperativo e exigir mais políticas de empréstimo preferenciais com longos prazos, procedimentos de empréstimo simples e rápidos, e uma fácil cooperação de equipe.

Pesquisa, implicações práticas e sociais: Esta pesquisa pode apoiar muitos a desenvolver pesquisas futuras no Vietnã.

Originalidade/valor: O estudo da liberdade de negócios se torna cada vez mais urgente e muito importante no Vietnã.

Palavras-chave: Grupo Cooperativo, Ambiente Comercial, Direito, Economia Vietnamita.

EL GRUPO COOPERATIVO EN EL ACTUAL ENTORNO COMERCIAL VIETNAMITA

RESUMEN

Propósito: El artículo investiga la compatibilidad entre el grupo cooperativo y el entorno comercial actual en Vietnam para proponer mejoras a las leyes y promover el desarrollo del grupo cooperativo.

Marco teórico: La literatura reciente señala que el modelo de grupo cooperativo es bastante adecuado para la producción y la psicología empresarial de los ciudadanos de Vietnam. En la etapa actual de desarrollo, sin embargo, de la influencia y el impacto de la integración internacional y la presión competitiva cada vez más feroz de diversos tipos de empresas, el grupo cooperativo han encontrado muchas dificultades para sobrevivir. Por otra parte, en el contexto de la reforma judicial en Vietnam, el Partido y el Estado vietnamita siempre han prestado especial atención a la cuestión del sistema de derecho completo y la ampliación de la libertad de empresa.

Diseño/metodología/enfoque: Los autores han combinado métodos de investigación tradicionales de la ciencia jurídica, como el método de análisis jurídico, el método de evaluación de la eficacia jurídica y el método de comparación jurídica.

Resultados: Según la investigación, el grupo cooperativo se adapta bien al entorno comercial de Vietnam porque es compatible con la psicología del inversor y cumple las condiciones y circunstancias de la naturaleza, la economía y la sociedad. Sin embargo, desde la profunda integración de Vietnam con el resto del mundo, el modelo de grupo cooperativo se ha enfrentado a numerosas dificultades y retos, y si no se encuentran soluciones adecuadas, es muy probable que esta economía colectiva sea cada vez más difícil. Por ello, el artículo sugiere algunas soluciones importantes, como ofrecer a los grupos cooperativos un estatuto jurídico y exigir políticas de préstamo más preferenciales, con plazos de préstamo largos, procedimientos de préstamo sencillos y rápidos y una cooperación en equipo fácil.

Investigación, implicaciones prácticas y sociales: Esta investigación puede servir de apoyo a muchas investigaciones futuras en Vietnam.

Originalidad/valor: El estudio de la libertad de empresa es cada vez más urgente y muy importante en Vietnam.

Palabras clave: Grupo Cooperativo, Entorno Comercial, Ley, Economía de Vietnam.

INTRODUCTION

Cooperative group is a business owned by and operated for the benefit of its members. In the context of Vietnam, this collective economy first emerged in 1950 and soon gained popularity nationwide. Research shows that “the concept of cooperative was officially recognised around the 1950s in Vietnam in the Circular of the National Bank guiding the implementation of the Prime Minister’s Decree on amending the interest rate on private deposits, savings, the interest charged to current account balance, short-term lending rate of the national bank of Vietnam” (Pham Van Bang, 2013). Because of its simplicity and effectiveness, cooperative group has been largely favoured by Vietnamese people. At the present moment, there are more than 20,000 registered cooperative group in Vietnam, targeting various fields in the economy, thus creating a large number of jobs. Given its impact, this kind of business model has been regarded as a key player in providing job opportunities and driving the economic growth of the country.

However, insights into current business practice uncover that cooperative group are facing many challenges. One of those comes from the shortcomings and limitations of the current legal system. The deep and broad integration into the world economy also presents another challenge that may affect not only the condition but also the growth of cooperative group. Under these influences, whether or not cooperative group still operate effectively in Vietnamese commercial environment is a matter of concern. Therefore, studies that focus on exploring the strengths and shortcomings of the legal model of cooperative group in Vietnam and investigating the suitability of this business model in the current Vietnamese commercial environment is crucial and necessary.

METHODOLOGY

To study the topic of cooperatives groups in the current Vietnamese commercial environment, the authors primarily employ traditional research methods of social sciences and legal sciences, such as the legal analysis method, the method of determining the effectiveness of legal regulation and lawmaking, and the method of comparative law.

In general, the mentioned research methods are used and combined harmoniously in order to achieve the desired result of the research.

DISCUSSION

The fact that Vietnamese law recognizes the existence of cooperatives groups has “reflected the existence of one of the collective economic forms suitable to our country’s socio-

economic development in the current period and ensured the legal conditions for the existence and development of this type of collective economy” (School of Law - Vietnam National University, 1998). Although cooperative group are often perceived as “simplistic, spontaneous, and seasonal business models” (Pham Duy Nghia, 2009) or merely “the simplest organizational level of the collective economy.” (Le Minh Toan, 2006), this business model always attracts the participation of many people in Vietnam. This is because cooperative group meet the needs and demands of small-sized business, which accounts for the majority of businesses in Vietnam. In other words, it can be said that “a cooperative group is a simple type of organization, arising from the needs and benefits of cooperation from voluntary participation, thus promoting collective strength, and mutual assistance to deal with the business issues that individual workers alone cannot tackle” (School of Law - Vietnam National University, 1998).

The current law in Vietnam defines cooperatives groups as follows: A cooperative group refers to an organization without legal entity status which is formed on the basis of a cooperation contract and composed of at least two individuals or legal persons that voluntarily form such group and contribute assets and physical efforts for performing certain jobs, while sharing benefits and taking joint liability^D. Findings from the investigation into the legal model of cooperative group and current business practice indicate that the cooperative model in Vietnam has the following strengths and shortcomings:

Strengths of the cooperative group model in Vietnam law

First, the cooperative group is a model that allows cooperation, production, and business to take place on a relatively small scale.

In essence, “a cooperative group is a form of organization where an association of people united voluntarily to manufacture so as to eradicate hunger, reduce poverty, increase income, or share the experience” (Le Minh Toan, 2006). Perhaps so, cooperative group appear to be very suitable for those with the intent to cooperate and do business on a very small scale. At the present moment in Vietnam, the number of small-sized enterprises that share the desire for cooperation accounts for a fairly large proportion. This is because “Vietnam has always been an agricultural land... a society that specializes in agricultural production” (Le Tai Trien et al., 1972). Under the feudal regime, “Vietnam was a self-sufficient society in which agriculture was the pillar of the economy, while industry and commerce had little to offer. The proportion of the trade and industry class was therefore way too small compared to the

^D Clause 1 of Article 3 in Decree No. 77/2019/ND-CP on *Cooperative group*.

population of the whole country” (Nguyen Tri Dinh et al., 2007). To put it another way, “the life of Vietnamese people has revolved around agricultural activity from generations to generations” (Nguyen Vinh Hung, 2015). This leads to the fact that most people are not accustomed to modern forms of business organization, especially those that require a methodical, sophisticated, or complex organization, or good executive management and awareness of legal issues. Additionally, issues such as the need to link and share capital or means of production have also had a great impact on those who only intend to cooperate in production or small and medium business. Therefore, the cooperative group is always quite suitable for production and business demand for the majority of Vietnamese people.

Second, joint liability and unlimited liability closely bind members together.

The legal principle regarding “joint liability” and “in case the common property of a cooperative group is insufficient to pay financial obligations or property obligations, the members of the cooperative group shall be responsible for paying these obligations with their private property according to the proportion of their contribution”^E. In other words, “if some members have no property or not enough property to fulfil a common obligation, an entitled person may request other members to perform joint liability”^F. In Vietnam, the business model subject to joint liability as such has certain advantages in the sense that it always creates a high level of trust, credibility, and consensus among members. This is because if one member is legally responsible for paying a debt, it will become a shared responsibility among all other members to satisfy the liability. Therefore, joint liability is considered as a crucial link to connect the parties in both “psychological” and “legal” ways. The members of cooperative group are often regarded to have a close relationship and a mutual trust in each other. As a result, this unity and firm belief among the members is the cornerstone for the operation of the cooperative group so that it is always smooth and effective.

Third, cooperative group ensure high legal safety.

Joint liability may pose risks and cause disadvantages for members in cooperative group. On the other hand, this obligation indicates a great guarantee of safety for customers and creditors. Apparently, business models that are subject to joint obligations often earn the trust of customers and creditors. Seen from this perspective, joint liability is no longer a threat or risk, but instead a significant advantage of cooperative group when they want to build trust with customers or when taking out a loan or deferring a debt.

^E Clause 1 of Article 3 and Clause 2 of Article 15 in Decree No. 77/2019/ND-CP on *Cooperative group*. *ibid*

^F Clause 2 of Article 103 in Vietnamese Civil Code 2015.

Fourth, the procedure for setting up a cooperative group is relatively simple.

Compared to other business models, “the procedure for setting up a cooperative group is relatively simple” (Le Hoc Lam et al., 2010). In Vietnam, “the establishment of cooperative group is fairly simple, requiring only an endorsement contract from the People’s Committee of the commune, thus creating favourable conditions for farmers to cooperate” (The Review of Finance, 2017). For this reason, it brings simplicity, speediness, convenience, and ease to those wishing to establish a collective economic model on a small and medium scale. Moreover, cooperative group do not seem to undergo such strict supervision from the legislators as compared to other business models. This characteristic makes cooperative group in line with the preference of most Vietnamese people when conducting business.

Fifth, cooperative group has a simple organizational structure and flexible, unsophisticated administrative practices.

The operation of other business models often requires a highly complicated organizational structure and administration. In sharp contrast, cooperative group offer a much simpler, easier, and more flexible structure of organization and management practice. The underlying reason is that cooperative group are mostly conducted in the form of small-sized businesses with a small number of participating members. One of the most advantageous aspects of cooperative group is that the members often have a high consensus when jointly deciding on important issues related to the operation of their cooperative group. Basically, the management and administration of cooperative group is conducted on the principle of “majority vote”^G. Specifically, “members are entitled to participate in the decision-making of issues related to their cooperative group’s operation and also have to right to inspect the operation of their organization (Hanoi Law University, 2014). The authority which each individual is given is the embodiment of democracy, publicity, transparency, clarity and mutual trust in the model of cooperative group. Members elect a person to act as the team leader to represent and participate in transactions and manage all activities of the cooperative group. “The decisions of the members of the cooperative group are adopted by majority vote, regardless of the amount of capital contributed” (Le Hoc Lam et al., 2010). Because the decision is independent of the percentage of capital contribution, all members are treated fairly and equally in the management and administration activities of the cooperative group.

Besides, research also shows other strengths of the model of cooperative group in Vietnam. These include “the ownership of the means of production belongs to the collective,

^G Clause 3 of Article 4 in Decree No. 77/2019/ND-CP on *Cooperative group*. *ibid*

simple management according to democratic principles, clear payment for each job, each stage, everyone has benefits which vary from person to person and depends on the capital contribution and workforce productivity” (Le Minh Toan, 2006).

Shortcomings of the cooperative group model in Vietnam law

First, joint liability and unlimited liability pose a significant risk to participating members:

“Joint liability means an obligation that is jointly performed by more than one person, and the obligee may request any one of the obligors to perform the entire obligation”^H. Unlimited liability refers to the fact that members are entirely responsible for any debt that their business might accrue. Basically, both joint liability and unlimited liability are forms of civil obligations that potentially bring serious consequences for the subject being applied to. When a member causes damage to external third parties and needs to compensate for their losses, the third party has the right to claim all other members to compensate for the damage even though other members are not directly responsible for the issue. To put it another way, the damage is caused by one member, but the consequences are brought to all the others because they are all equally responsible. However, it seems to be unsafe for investors to run a business without being able to limit potential risks and influences from other counterparts. As a result, business models with joint obligations and unlimited liability often do not dare to invest in high-risk stocks. Under joint obligations and unlimited liability, not only members in cooperative group is put at risk, but they are also on the verge of losing business opportunities since they are not willing to accept the risk it may bring.

Second, cooperative group do not have legal entity status.

There is an opinion that “since cooperative group do not have legal entity status, the status of the entities participating in civil relations is not specified. For instance, to sign a contract with a partner, a cooperative group must ask for permission from the People’s Committee of the commune, consequently limiting the ability to operate, cooperate and manufacture and do business of cooperative group” (The Review of Finance, 2017). However, research shows that, in the context of Vietnam, legal entity status has a great impact on the development of all business models. In the case of cooperative group, without legal entity status, they are highly likely not allowed to enter into commercial relationships that require the participant to be a legal entity (e.g., organisations which offer consultation on planning the

^H Clause 1 of Article 288 in Vietnamese Civil Code 2015.

implementation of an investment project must have legal entity status; investment and construction consulting organizations also have legal entity status) (Nguyen Vinh Hung, 2018). Therefore, in some cases, cooperative group will not have the opportunity to compete fairly and equally with other business models which have legal entity status.

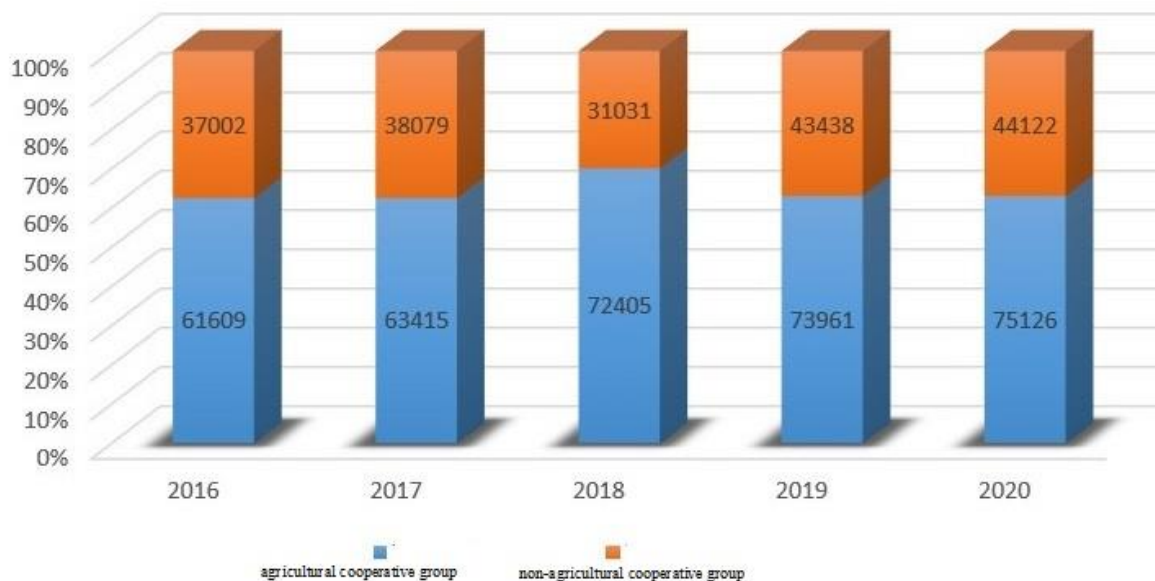
Third, the competitiveness, creativeness, and capacity to raise financial capital of cooperative group is rather limited

“In fact, the model of cooperative group works in line with the desire of collaboration among smallholder farmers in rural, remote, and isolated areas... Thereby, farmers contribute their efforts and properties to begin production” (The Review of Finance, 2017). On the other hand, “due to its nature of being small-sized, unstable, and seasonal” (Pham Van Bang, 2013), cooperative group may have difficulties attracting and inviting people with entrepreneurial attributes, business management skills, business executive competences, and rich investment capacity. As a result, this makes it very difficult for cooperatives to compete with other business models. Besides, given the simple, small-scale, and fragmented production and business activities, cooperative group can hardly have creativity and breakthroughs to thrive and make significant advancements.

The suitability of cooperative group in the current Vietnamese commercial environment

In Vietnam, collective economy (including two main components, cooperatives and cooperative group) is identified as one of the two long-standing pillars of the national economy (The Review of Finance, 2017). Conclusion No. 56-KL/TW, dated February 21, 2013, of The Political Bureau continued to affirm that: “Collective economic development remains a major policy of the Party and State”¹. Therefore, the cooperative group model has always received particular attention from the Party and State during the past few years. Evidence for this can be found in the statistics on the growth of cooperative group in recent years.

¹ Section 2.1, Conclusion No. 56-KL/TW dated February 21, 2013 of the The Political Politburo on accelerating the implementation of the 9th Central Committee's Resolution 5 on continuing to innovate and develop and improve the efficiency of the collective economy.



(Development status of the cooperative group in the period 2016 - 2020, source: Cooperative Policy and Development Department, Vietnam Cooperative Alliance) (Vietnam Cooperative alliance e-newspaper, 2021).

According to recent statistics, “by the end of 2020, the entire nation will have 119,248 cooperative group, of which 75,126 agricultural cooperative group account for 63 percent and 43,438 non-agricultural cooperative group account for 37 percent”. The Northwest region has 11,657 cooperative group, the Northeast region has 23,487 cooperative group, the Red River Delta has 14,548 cooperative group, the North Central region has 17,376 cooperative group, the Central Coast has 8,397 cooperative group, the Central Highlands has 7,578 cooperative group, the East Central region has Southern Vietnam has 15,030 cooperative group, and the Mekong Delta has 21,205 cooperative group. The cooperative group is diverse in terms of name and mode of operation; it was founded to collaborate and assist one another in order to produce, borrow money, harvest, and sell products; around 30% of cooperative group has workers working under contracts” (Vietnam Union of Cooperatives e-Newspaper, 2021). On the other hand, it is estimated “by 2030, the entire country will have around 140,000 cooperative group with 2,000,000 members. This is the aim outlined in the Strategy for Collective and cooperative economic development 2021 - 2030” (Vneconomy, 2021). It can be stated that the cooperative group has made important contributions to Vietnam's economic progress and has created a large number of employment for the society. When Vietnam joins in deep international integration, however, it creates numerous obstacles and challenges for collective economic models in general, and cooperative group models in particular. As a result, the cooperative group's operations is becoming increasingly challenging, and it is tough to compete with alternative

business models. According to research on the inappropriateness of cooperative group with the business environment in Vietnam, this is due to the following primary reasons:

“With the majority of farmers self-employed, individual, impoverished, and with no or negligible accumulation, development chances remain restricted and sensitive to market mechanism swings. They must bear more strain in the context of competitiveness and integration and hence are more vulnerable to dangers” (Le Minh Toan, 2006). This is a significant challenge for models of association and cooperation with only small and medium scales, such as the cooperative group model. Furthermore, business practice demonstrates that primarily cooperative group is now engaged in the domains of agricultural production, forestry, aquaculture, or trade in important communal services. But only on a small-scaled and fragmented scale (food production, foodstuffs, basic consumer items) etc. Because of a lack of expertise and experience in organizing and running operations, the cooperative group's production and economic activities are mostly seasonal. As a result, the majority of cooperative groups' production and commercial goals are heavily reliant on the market. This creates numerous cooperative group that trade in these items, goods, and services, but due to the crowd mentality, they swiftly shift to the manufacture and selling of other goods and services. However, when manufacturing and commercial products and services confront problems and impasse during the consuming stage, cooperative group find themselves in a sad scenario. Or, since production and business are tiny, retail and lack an appropriate orientation, the cooperative group is always highly dependent on the market, making it easily imposed and suppressed. Additionally, with just a small and medium-sized production scale, it is extremely difficult for the cooperative group to create a big volume of high-quality goods and services in order to fulfill the market's increasing demand and requirements during the period of international integration.

Also, the issue of financing is a constant challenge for most cooperative group these days. This is due to the cooperative organization only producing and trading on a small and medium scale, as well as the modest number of active members. Moreover, the cooperative group's scope of activity is nearly limited to each location and area where the cooperative group produces and does commerce. As a result, those with a lot of cash or people with a lot of experience and skills will dislike the cooperative group concept. Because, in most situations, these people will associate to develop and function under commercial firm models when they have production and business demands. As a result, cooperative group is always confronted with obstacles and constraints when it comes to attracting finance or skilled individuals to engage.

However, a recent study states unequivocally: “The foundation for a type of business to develop well in Vietnam must satisfy the following conditions: (i) the scale of the enterprise. (ii) There must always be mutual trust between members of the enterprise; (iii) Enterprises must ensure legal safety before the law, create trust for customers and the organizational structure, administration, and management are not overly complicated” (Nguyen Vinh Hung, 2015). When comparing to the cooperative group model, it is clear that the cooperative group is well suited to the aforementioned criteria. This is because, as previously stated, cooperative group are frequently found in the context of small and medium-sized industry and company. At the same time, members frequently have a deep bond and confidence in one another. As a result, it enhances and assists the cooperative group's structure and administration in meeting various benefits. Furthermore, because members must carry common liabilities, the cooperative group is frequently trusted by creditors and consumers when performing transactions or financing.

On the other hand, according to research, “the majority of the millions of people doing business in our country today are small traders. Their activities play a critical role in the economy, helping to revitalize the economy and create jobs for millions of people” (School of Law - Hanoi National University, 1997). According to recent researches, “the situation of operation and development of the economic model of cooperative group shows that the number of cooperative group is quite large, reflecting the actual needs of cooperation, group meetings, association, help, mutual assistance in business operations of the people and is considered by the government and people as one of the effective models of community connection in the current economic development conditions in the country” (Pham Van Bang, 2013). Furthermore, it is the association of a collective economic model, such as a cooperative group, that “helps to limit the weaknesses of smallholder farmers, such as a lack of capital, labor tools, and means of production; reduces risks and production costs, thereby increasing farmers' competitiveness; create employment and opportunities for economic for members” (Finance Magazine e-news, 2017). As a result, the authors believes that the cooperative group will remain to be a model of cooperation, production, and business effective to the conditions and circumstances in Vietnam, both now and in the long term.

As previously stated, “along with the individual economy, the collective economy (two common components are co-operatives and cooperative group) is identified as a solid foundation of the economy; collective economic development is a major policy of the Party and Government” (Finance Magazine e-news, 2017). Furthermore, in the current stage of development in Vietnam, with the policy, “the state-owned economy has been and will continue to be narrowed, instead, the development of the collective economy, the form of

production and business organization of the workforce will be encouraged” (Nguyen Thi Khe, 2007). As a result, both now and in the long-term future, the cooperative group will play an increasingly important role and have influence in Vietnam's economic and social development.

Furthermore, it can be indicated that cooperative group will continue to be one of the most popular and widely used forms of collective economy in Vietnam. Because the cooperative group model has many benefits and is ideal for a large number of people who have intention to collaborate and link to do business on a small and medium scale. Furthermore, “the content of the cooperative group's activities is very diverse and narrow in scope according to each stage” (Le Minh Toan, 2006). As a result, the industries, trades, producturing sectors and business fields in which cooperative group process are highly diversified and rich, and this makes the existence and development of capital industries and trades much more convenient. That these are also Vietnam’s longstanding heritage such as producing and processing bamboo and rattan, as well as handicrafts, fine arts, agriculture, forestry, and fishery... contributes to the creation of a large number of jobs for the local working class. Furthermore, cooperative group has the advantage that “the law does not prescribe a maximum number of members, so the number of members is unlimited” (Le Hoc Lam et al., 2010). As a result, the cooperative group can grow and expand on an infinite scale.

It should be mentioned that another advantage of cooperative group is that their formation is simple, easy, and convenient. According to one commentator, “the characteristics of cooperative group is simple establishment procedures, flexible operations, and constant fluctuations in quantity” (E-Newspaper, Financial Magazine, 2017). Perhaps to facilitate the cooperative group, the law stipulates that the registration procedure for establishment is quite quick, simple, easy, and convenient, which is very important for those who intend to operate. Because due to the fact that many small and retail producers and traders still do not have the firms grasp of the legal regulations. As a result, if the establishment is simple and easy to set up, it will help to attract and create favorable conditions for many people to choose the cooperative group model. Furthermore, as previously stated, when compared to other types of businesses, the adjustment of the law to the cooperative group model is usually much less. This is also a significant benefit in stimulating and inviting investors to establish or join a cooperative group.

Broadening the scope of the study to learn from the experiences of other countries reveals that, at the moment, even in countries with highly developed economies, such as the Federal Republic of Germany, medium-sized and small business models are still very popular and make a significant contribution to the country's economic growth. According to the study,

“it is a fairly powerful country economically, but in terms of business size, the strength of the German economy is made up primarily of small and medium enterprises” (National Assembly Committee on Economy, 2016). Since then, it has been very necessary and appropriate to develop various types of cooperation, production, and business on a small and medium scale, such as the cooperative group model in Vietnam. Because this will be a major driving force in Vietnam's economic and social development.

In summary, the cooperative group will continue to be an appropriate model of cooperation, production, and business in the current period of economic and social development in Vietnam, as well as in the long-term future of Vietnam, and will make numerous contributions to the country's growth. Economic and social development. As a result, if foreign investors intend to invest and work collaboratively to produce and do business in Vietnam, they must also join and coordinate with cooperation groups to share and seek opportunities. This is the best way to proceed, and it has numerous advantages.

RESULTS AND RECOMMENDATIONS

Based on the above analysis, it is necessary to re-evaluate the cooperative group model's contribution to Vietnam's economy and society in order to develop policies that are more appropriate to the collective economic model. This is significant. As a result, the authors believe that, in order for the cooperative group model to thrive and be appropriate for the commercial environment in Vietnam during the period of international integration, the following solutions must be considered:

Firstly, it is necessary to stipulate the legal status for the cooperative group:

Unlike the models of companies or cooperatives, which are always regulated in laws, up to now, cooperative group is usually only regulated in the Civil Code and sub-law documents such as Decrees. On the other hand, cooperative group are often conceived as civil relations subjects and do not have legal status. However, according to the authors, the cooperative group is not only a simple cooperation model, but as analyzed above, it is also a very popular model of cooperation, production and business and is favored by many business people by outstanding advantages. Therefore, the lack of legal status has greatly affected the operation of the cooperative group. Previously, the 2005 Civil Code once stipulated in an open direction: “Cooperative group that have all the conditions to become a legal entity according to the provisions of law must register to operate as a legal entity at the state agency competent state”.^J

^J Clause 1, Article 111 of the 2015 Civil Code.

However, the 2015 Civil Code has now removed the above provision and many other regulations of the cooperative group have also been reduced. This makes it more difficult, troublesome and complicated for the cooperative group in the process of organizing and operating activities because of the lack of a regulatory legal framework.

Since then, the cooperative group model, according to the authors, is very appropriate for the characteristics of the commercial environment in Vietnam. As a result, the law should stipulate the legal status of cooperative group. This will enable the cooperative group to be more proactive and flexible in its production and business activities, as well as promote fair competition, equally, and fairly with other types of business entities. Furthermore, by being recognized as a legal entity, the cooperative can attempt to operate and gradually develop to a higher level of professionalism.

Second, preferential lending policies with long loan terms, as well as simple, quick, and easy loan procedures, should be implemented for cooperative group:

As previously discussed, cooperative group frequently face difficulties and limitations when seeking to raise capital. As a result, the authors believe that, in order for the cooperative group to survive and grow in the fiercely competitive international integration environment, the Government must implement better preferential support policies. It is especially important to consider and allow the cooperative group to access loans with preferential interest rates, and the loan term should be extended. As a result, the new cooperative group can actively manage and effectively use borrowed capital. Regarding loan approval procedures for cooperative group, it is also necessary to build in a simple and convenient manner, limiting the cumbersome, troublesome, and complicated in order to avoid the situation in which the Government's good policy but when implemented presents difficulties and obstacles for cooperative group wishing to borrow capital. Since then, it has contributed to attracting investors to form cooperative group and has assisted this collective economic sector in overcoming challenges during the international integration period.

CONCLUSION

In Vietnam today, the cooperative group is one of two collective economic models. According to research, the cooperative group is well adapted to Vietnam's commercial environment because it is compatible with investor psychology and meets the conditions and circumstances of nature, economy and society. However, since Vietnam's deep integration with the rest of the world, the cooperative group model has faced numerous difficulties and challenges, and if suitable solutions are not found, it is very likely that this collective economy

will become increasingly difficult. As a result, the article suggests some important solutions, such as offering cooperative group legal status and requiring more preferential lending policies with long loan terms, simple and quick loan procedures, and easy team cooperation. This will assist the cooperative group in overcoming difficulties and challenges during period of international integration. Simultaneously, opportunities for foreign investors to have more effective business partners when investing in Vietnam are expanding.

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