

BUSINESS DEVELOPMENT DURING THE WAR

The aim of this study was to investigate business development in Ukraine during the war.

Unfortunately, the country is at war, every part of it is suffering, the economy is collapsing. For a year and a half, Ukrainian business has been operating in the conditions of a full-scale war. Despite numerous problems, it not only survived, but also began to develop quite actively in 2023.

Despite all the obstacles, 30% of companies plan to grow, and 36% plan to increase the number of employees. Let's take a closer look at the problems faced by small and medium-sized businesses in Ukraine, how they solve them, what kind of assistance they receive, and what prospects they have for the future.

What small and medium-sized businesses are currently operating in the market

The outbreak of the war dealt a devastating blow to Ukrainian business. According to general estimates, the losses of SMEs (small and medium-sized businesses) amounted to more than USD 83 billion. About 10 million Ukrainians were displaced, some of them became IDPs, and the majority went abroad.

The situation has changed dramatically over the year. A large number of companies have returned to the market, and a significant part of the workforce has also returned. While in 2022, businesses were operating in survival mode, unable to plan their work even for the next year, companies have now adapted to the new environment and are drawing up full-fledged 2-3-year development plans [3].

Problems faced by businesses

According to a survey conducted by the American Chamber of Commerce in Ukraine, the most important problems of doing business and developing business in Ukraine are

Problems faced by businesses

- missile attacks on business assets and critical infrastructure;
- health and mental state of employees;
- decline in economic and consumer activity;
- access to electricity, water and heat supply, and mobile communications;
- attracting and retaining top talent;
- problems with transportation and logistics.

Representatives of small and medium-sized businesses also point to increased pressure from government agencies and regulatory challenges, lack of and low solvency of customers, etc [1].

How businesses adapt to work in wartime

The vast majority of entrepreneurs have been addressing the needs of small and medium-sized businesses on their own. Since the beginning of the war, a large number of companies have taken the following measures to maintain their operations

- relocation - hundreds of small and medium-sized enterprises were moved to the central and western regions due to the hostilities;
- adaptation of products and services to modern needs - companies have re-qualified for goods and services that are in high demand right now, such as the production of long-term storage products, sewing clothes for soldiers, UAV production, etc;
- increasing the volume of imported goods;
- obtaining loans on favorable terms, etc.

The development of small and medium-sized businesses is driven by the resilience and ingenuity of entrepreneurs who, even in difficult times, are not ready to close their own business [1].

What unites businesses that have not only survived, but are growing

Unfortunately, small and medium-sized businesses are often not about consistency, but about a puzzle system that works in a certain geographical location, with certain people doing certain things. But when you take out one of the elements in this puzzle, everything collapses.

Only those businesses that are able to operate even when several elements are missing can grow.

Along with the extraordinary unity and cooperation within Ukrainian society, we see business interaction.

Those companies that have found new partners, launched joint projects, successfully cooperated even with competitors after relocation, and coped with challenges.

Choosing the right region is important for the development of relocated businesses. For example, if a company is engaged in online sales, it would be logical for it to move to Khmelnytskyi, where there is a large logistics hub of Nova Poshta. This means that the next day after the shipment, their customer will already receive the ordered goods.

If we talk about external factors of success, first of all, it is the market. Those businesses whose market did not disappear with the onset of the war have survived and are developing, or they were able to enter another market that works. In particular, the IT industry and outsourcing businesses have lost the least, as their main resource is staff with access to the Internet. Secondly, these are activities in regions that have not been exposed to serious risks. Where people have evacuated. Thirdly, exports, provided that the logistics are not affected. Fourthly, the production and sale of essential goods and food. And finally, the ability to switch quickly. for example, reorientation from B2B to B2C [2].

Utilizing new opportunities

Surprisingly, martial law not only closes certain doors but also opens new ones. For example, the number of orders for the defense industry has increased. Public security rules are stricter, and this allows certain companies to increase sales of relevant products (e.g., fences) [2].

The fact that exports of products that have traditionally been shipped by sea are currently difficult due to logistics is also an opportunity for some.

To sum up, Ukrainian entrepreneurs should overcome difficulties on the way to development by transforming their business. And banks, including Oschad, with the

help of numerous partners, should help businesses not only survive the war but also gradually develop.

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