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## Formation Ukraine's Business Environment in Times of Military Turmoil

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### Abstract

*The research is dedicated to the peculiarities of shaping the business climate in Ukraine under martial law conditions. The study explores the essence of the business climate and compares it with the country's investment climate. It establishes the relationships between external and internal factors that influence the formation of business entities' entrepreneurial potential. The leading macroeconomic indicators, whose dynamics represent understanding the state of economic development, its investment attractiveness, profitability, and risk level, have been examined. It is determined that the dynamics of GDP indicators expressed in different currencies provide varied interpretations of this indicator. Therefore, to accurately reflect the relationship between the level of investment attractiveness and GDP growth rates, it is necessary to consider inflationary processes and the pace of national currency depreciation. Over the last ten years, Ukraine's international ranking in ease of starting a business has steadily increased. However, the political-military situation in 2022 caused a sharp decline in the ease of doing business index. It is worth noting that the index recovered in 2023, indicating positive business processes in Ukraine's economy. A regional study of entrepreneurship development during 2022–2023 identified the regions with the highest business start-up activity, highlighting small and medium-sized enterprises' key challenges, possible solutions, and trends in restoring their operations. Additionally, a sectoral analysis of the profitability dynamics of Ukrainian enterprises for 2021–2023 was carried out. The most promising sectors for investment and the ways to address the problems hindering the business climate improvement in their locations were identified.*

**Keywords:** Activity Restoration, Business Climate, Business Start-Up, Entrepreneurial Potential, Enterprise Financing Programmes, Investment Attractiveness, Small and Medium-Sized Enterprises.

### Introduction

The full-scale invasion of Ukraine in 2022, along with the resulting socio-economic and security instability, necessitated the reorientation of the national economy and state policy to accommodate new conditions. The significant increase in the share of state budget expenditures on defence and law enforcement led to a reconfiguration of financial flows within the country. At the same time, a series of legislative and legal initiatives completely changed the conditions for doing business.

The inability to reliably forecast the further development of military and political events in Ukraine significantly limits the quality of business process planning by business entities, which, in turn, causes negative sentiments among entrepreneurs, coupled with low demand for products and insufficient labour supply in the market. However, it is noteworthy that despite the

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challenges posed by the war, businesses are adapting to the new conditions. Ukraine's economy is withstanding the existing pressures thanks to the balanced socio-economic policies of the state, practical cooperation with partner countries and international organisations, and a series of reforms to support small and medium-sized enterprises (SMEs), among other factors.

State policy prioritises creating economically favourable conditions for SMEs' functioning; therefore, studying the factors influencing the business climate is critical to effective public administration, especially under martial law conditions.

## **Literature Review**

In modern research, the “business climate” closely intersects with the concept of “investment climate” (Rao, 2012). Syvanenko (2012) defines the business climate as a set of institutional, political, and regulatory conditions created by the state to facilitate the development of business entities. Shkolenko et al. (2020) equate the processes of improving the business climate with addressing the issues of the effective functioning of SMEs (Kovtunyk et al., 2023). Karpinskyi (2001) defines the investment climate as a complex of political, social, innovative, and infrastructural elements in a specific territory with a synergistic effect.

Slavkova and Kolisnyk (2023) in their study dedicated to assessing Ukraine's investment attractiveness during the war, define a country's investment attractiveness as the leading indicator of its economic efficiency and emphasise that investments are a crucial element of economic development (Pavlysh, 2022; Centre for Economic Strategy, 2023; Cabinet of Ministers of Ukraine, 2024).

The Ministry of Economy of Ukraine defines the business climate as the conditions for conducting business. Improving this climate through continuous enhancement and effective implementation of regulatory policy is a priority task of the Government (Ministry of Economy of Ukraine, 2024).

Therefore, it is appropriate to address the issue of forming the business climate inseparably from the issues of creating a favourable investment climate and implementing an effective state regulatory policy concerning the functioning of SMEs. The research aims to establish the features of the formation of Ukraine's business climate under military instability, determine the dynamics of critical indicators characterising the functioning conditions of SMEs, and analyse the performance of business entities at the national and regional levels.

## **Methods**

The scientific and methodological basis of the study is based on the methods of vertical and horizontal data analysis, comparative analysis, statistical analysis, and fundamental and technical analysis of the dynamics of indicators.

The dynamics and current state of the business climate for the period 2020-2024 were assessed using the Ukrainian Business Index (UBI) and the Diffusion Index (DI). The UBI in the study is calculated based on the data on the dynamics of performance indicators (5 parameters) for August 2024 for manufacturing companies and the dynamics of the relevant indicators (4 parameters) for non-manufacturing companies.

The Diffusion Index is calculated using formula (1).

$$DI = \frac{\text{Amount of bussines'with growth} + 0,5(\text{Amount of bussines'without changes})}{\text{Whole amount of bussines'}} * 100\% \quad (1)$$

The calculation of UBI for manufacturing companies is based on the formula (2)

$$UBI_{\text{вир}} = 0,3DI_{\text{new orders}} + 0,25DI_{\text{production}} + 0,2DI_{\text{employment}} + 0,15DI_{\text{deliveries}} + 0,1DI_{\text{inventories}} \quad (2)$$

The calculation of UBI for non-manufacturing companies is based on the formula (3)

$$UBI_{\text{невир}} = 0,33DI_{\text{new orders}} + 0,28DI_{\text{production}} + 0,22DI_{\text{employment}} + 0,157 \quad (3)$$

## Results

A comprehensive assessment of the business environment is carried out considering the development indicators of SMEs, namely, their impact on the economic development of the region and the country, their entrepreneurial potential, labour market conditions, state regulatory policy, small business support policies, and access to financial, property, and information resources (Figure 1).

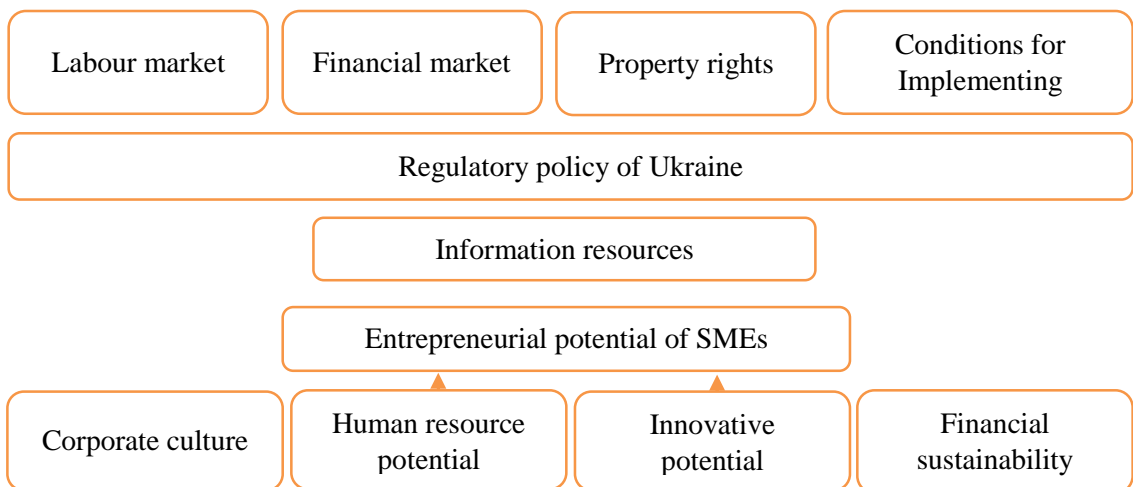


Figure 1. Building the entrepreneurial potential of SMEs

Source: compiled by the author

Both internal and external factors shape the entrepreneurial potential of SMEs. Internal factors include corporate culture (management approach, overall atmosphere, business process management approaches), human resources (level of qualification, motivation, and loyalty of personnel), innovation potential (use of the latest technologies and business practices), and financial stability (availability of financial resources, approaches to financial management, and financial analytics). Additionally, there is a mutual influence between the elements of the entrepreneurial potential of SMEs and information resources. The decision-making process, influenced by information resources and state regulatory policy, impacts the adjustment of state management policies and external market elements, such as the labour market, financial market, property rights, and conditions for innovation implementation. These external elements simultaneously serve as resource sources for forming opportunities for the entrepreneurial potential of SMEs. The actual values of these elements influence the entrepreneurial potential of businesses, adjustments to state policies in regulating economic processes, innovation processes, and financial flows, and, consequently, directly participate in shaping the business climate of the country based on the definitions of the essence of the business and investment climates (Salaghe et al., 2020; Paslavaska, 2021; Morozova, 2023; Potomkin & Kucherova, 2024).

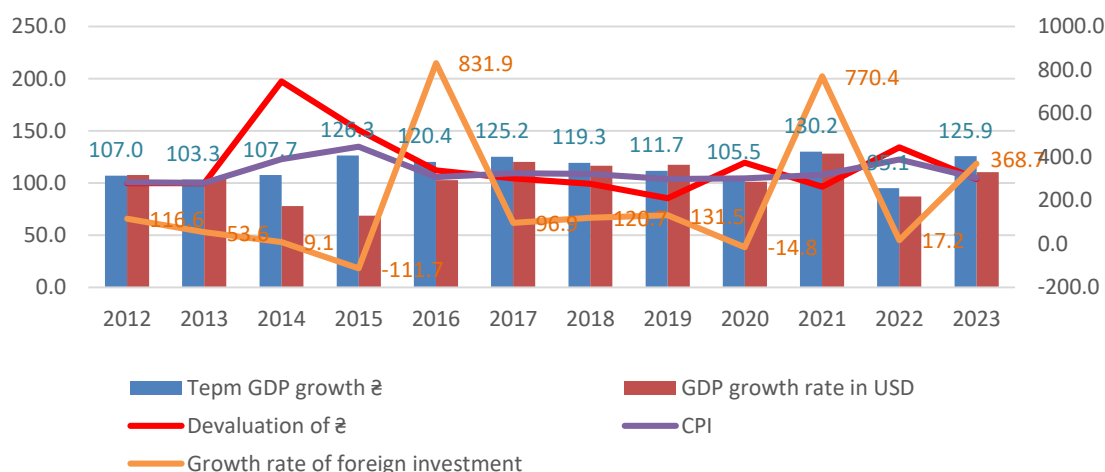
Most Ukrainian SMEs are not represented in international markets, focusing mainly on the domestic market. The shutdown of businesses at the beginning of the military actions in 2022, combined with a sharp decrease in demand for goods and services, led to catastrophic financial losses. Agricultural and telecommunications enterprises experienced minor losses, while the construction sector suffered the most. The manufacturing and service sectors experienced relative financial losses. It is worth noting that the construction sector in Ukraine and the trade sector are the most involved in international economic activities. Losses of enterprises located in the East and South of Ukraine are almost 1.5 times higher than those of companies from other regions due to their location in active hostilities. However, it is essential to highlight the relative stability regarding business expectations shortly, which indicates preserving a cohesive and relatively stable economy.

State support for SMEs remains crucial. The practical implementation of state support programmes for small and medium-sized businesses, using credit instruments, employment mechanisms, adaptive tax approaches, comprehensive support, and grants for opening new businesses, among others, is essential. Despite all efforts, the most pressing issues in shaping a favourable business climate remain the high level of corruption, insufficient access to credit resources, the need for tax and judicial reforms, electronic employee exemptions from mobilisation, high uncertainty, and low levels of economic forecasting and business planning (Berezhnyi et al., 2013).

Indicators of the impact of SMEs on the development of the regional and national economy include the share of GDP generated by business entities, the number of jobs created, and their participation in social, educational, and humanitarian projects. According to a survey presented by Advanter Group (2023a) regarding the recovery of business activities as of the end of 2023, more than 90% of enterprises had resumed their operations. By the end of 2022, this figure was slightly above 66%. Therefore, the country's economy is gradually returning to sustainable growth. According to the Ministry of Economy (2024) and the State Statistics Committee of Ukraine (2024), the overall GDP growth in Ukraine in 2023 reached 5%, while the corresponding decline in GDP in 2022 was almost 29%. Key factors contributing to GDP growth in Ukraine include stabilising the energy sector and financial assistance from international

financial organisations and partner countries (Advanter Group, 2023b; State Statistics Committee of Ukraine, 2024; Ministry of Economy of Ukraine, 2024). The highest GDP growth rates were observed in construction (mainly due to budget financing aimed at restoring damaged infrastructure), domestic trade (due to the stabilisation of supply and demand in the market), agriculture (considering favourable weather conditions, increased crop yields, and effective international policies that opened trade routes for the transportation of Ukrainian agricultural products), and manufacturing (recovery of demand, increased raw material base).

It is worth noting that the assessment of changes in the country's business climate should be carried out comprehensively, using not only GDP dynamics but also considering the dynamics of indicators such as the consumer price index (CPI), national currency depreciation, and the rate of foreign investment growth. It should be noted that in Figure 2, the data for the foreign investment growth rate is presented on the additional Y-axis. The histograms and graphs representing the dynamics of other indicators are constructed on the main Y-axis.



*Figure 2. Dynamics of Key Indicators of the Ukrainian Economy in 2012–2023*

*Source:* compiled by the author based on the Ministry of Finance of Ukraine (2024b)

Therefore, analysing the GDP dynamics from 2012 to 2023, it can be concluded that despite the catastrophic scale of the consequences of Russian aggression on Ukrainian territory in 2022, the GDP indicator expressed in US dollars reacted with a less significant decrease than after the onset of hostilities in 2014, reaching 81.7 points compared to 68.7 in 2014. However, GDP growth in the national currency in 2022 amounted to 95.1 points, compared to 107.7 in 2014. This indicates that after the invasion in 2014, the nominal GDP of Ukraine expressed in the national currency increased by 7.7%, while in US dollars, it decreased by 31.3%. This can be explained by the sharp depreciation of the national currency (which amounted to 97.3% by the end of 2014) and the impact of inflation (the CPI in 2014 reached 122.8 points), which intensified even further in 2015. The sharp depreciation of the currency during this period and the high level of inflation can be attributed to the sharp decline in foreign investment in Ukraine during this period and the withdrawal of foreign capital driven by negative investor expectations regarding the business climate in Ukraine (Holomb & Oglobina, 2023). In contrast to the situation in 2014, the full-scale invasion in 2022 led to a slowdown in GDP growth in the national currency (95.1

points), but the decrease in the indicator expressed in US dollars amounted to 87.1 points. This reflects support for the national currency (partially due to an increase in foreign investment, which did not happen in 2014), the effectiveness of military operations, which had a more positive impact on the expectations of foreign partners and organisations, and effective international policies.

Ukraine's critical economic growth indices (Figure 3) must be considered when considering GDP dynamics.

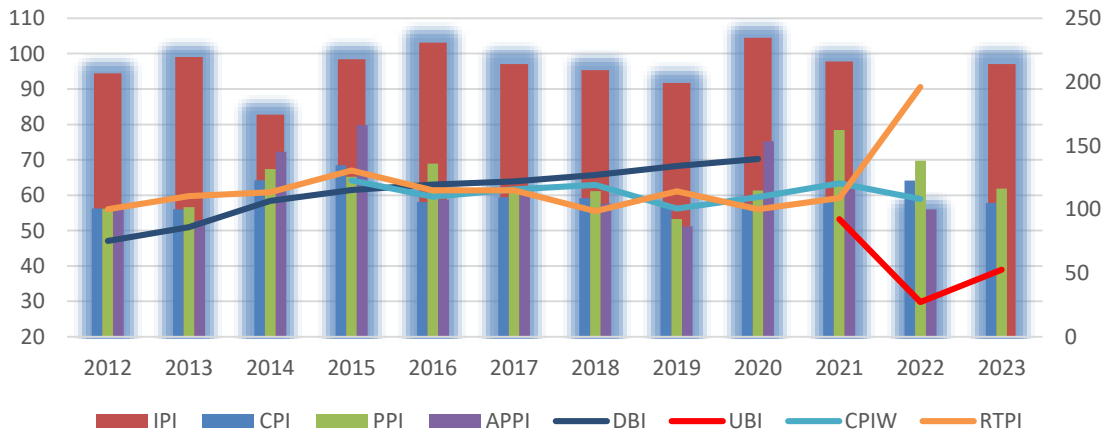


Figure 3. Index Dynamics for 2012–2023

Source: compiled by the author based on the Ministry of Finance of Ukraine (2024a)

In Figure 3, the dynamics of indices that characterise the economic state of Ukraine during 2012–2023 are analysed, including the Consumer Price Index (CPI), the Industrial Production Index (IPI), the Producer Price Index (PPI), the Agricultural Production Price Index (APPI), the Construction and Installation Work Price Index (CPIW), and the Rail Transport Price Index (RTPI). It is also appropriate to conduct a comparative analysis of the dynamics of these indices with the dynamics of the Ease of Doing Business Index (DBI), which was calculated annually by the World Bank until 2020. Starting from 2021, instead of DBI values, the Ukrainian Business Index (UBI) was used. These indices' base and calculation principles are similar, and the results are relevant for comparing and evaluating dynamics. It should be noted that the values of CPI, PPI, APPI, CPIW, and RTPI are plotted on the main Y-axis, while the values of IPI, DBI, and UBI are plotted on the secondary Y-axis.

Analysing the dynamics of the Industrial Production Index (IPI), one can conclude that there has been a constant decline in production volumes in Ukraine during the study period (index values are primarily below 100). The lowest index values were observed in 2014 and 2022, coinciding with intensified hostilities in Ukraine. At the same time, the Consumer Price Index (CPI) dynamics indicate moderate inflation rates throughout the study period, except for 2014 and 2022, when inflation rates exceeded 22%. However, it is noteworthy that even though the scale of hostilities in 2022 was significantly greater than in 2014, the inflation rate increase during these periods was similar. Also, the Producer Price Index (PPI) in 2022 is of interest, as it is expected to increase along with CPI values. However, while the PPI value in 2021 was 162.3, it decreased to 138.3

points in 2022. This suggests that the economic consequences caused by the COVID-19 pandemic had a more significant impact on producer prices than the hostilities that began in 2022. A possible explanation for this phenomenon is the low demand for products within the country during the full-scale invasion.

The analysis of the Ease of Doing Business Index (DBI) dynamics from 2012 to 2021 indicates a steady increase in Ukraine's attractiveness to foreign investors. The absolute value of this index increased from 47.1 in 2012 to 70.2 points in 2020. During this period, Ukraine's global ranking in ease of starting a business, calculated annually by the World Bank (2020), rose from 154th to 61st. Starting from 2021, the Ukrainian Business Index (UBI) becomes more representative, decreasing its value from 53.21 to 29.82 in 2022. However, in 2023, the index value increased to 38.92, indicating a gradual recovery of the national economy, stabilisation of business processes, and increased attractiveness of Ukraine for investment.

In conducting research on the business climate in Ukraine during martial law, it is necessary to perform a regional analysis of the functioning of business entities (excluding specific data from the occupied territories of Donetsk, Luhansk regions, and the Autonomous Republic of Crimea) (Figure 4).

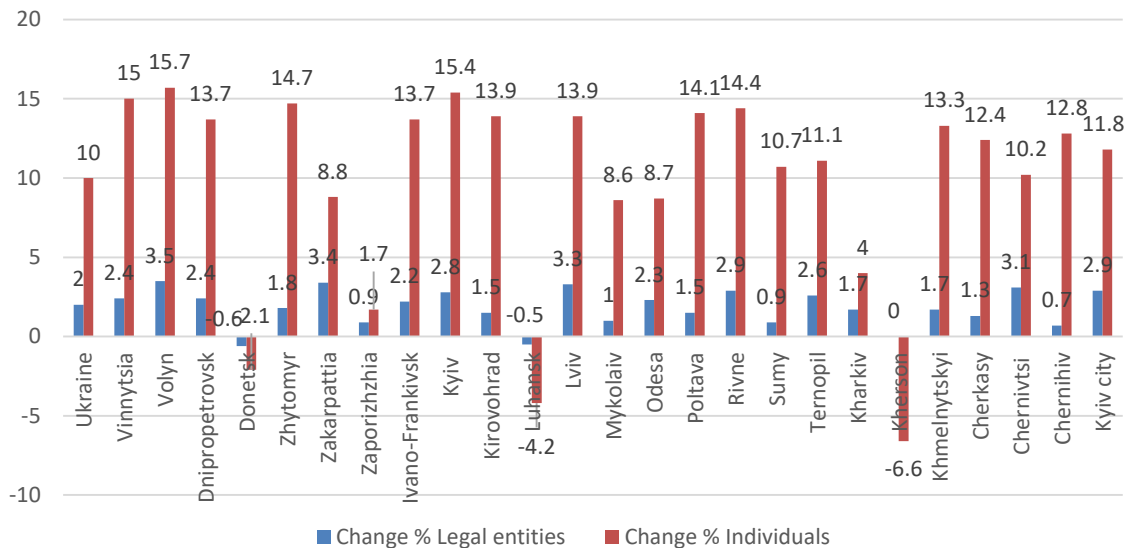
Analysing the tree diagram that visualises the distribution of legal entities and individual entrepreneurs across regions, it can be seen that the highest concentration of registered legal entities is found in the following regions: Kyiv city, Dnipropetrovsk, Odesa, Donetsk (based on available data), and Kharkiv regions. At the same time, the highest number of individual entrepreneurs is registered in Kyiv city, Dnipropetrovsk, Kharkiv, Lviv, and Odesa regions. Among the leaders in registered business entities are also Kyiv, Poltava, Zaporizhzhia, and Khmelnytskyi regions.



Figure 4. Distribution of Concentration of Registered Business Entities as of 2023  
Source: compiled by the author based on United Nations (2024)

When examining business distribution by region, it is worth paying attention to the dynamics of changes by region (Figure 5).





*Figure 5. Regional Distribution of the Dynamics of the Number of Registered Business Entities in 2022–2023*

*Source:* compiled by the author based on United Nations (2024), State Statistics Service of Ukraine (2024)

Analysing the diagram in Figure 5, it can be concluded that there is an increase in the number of business entities in Ukraine by 2% in terms of the number of legal entities and by 10% in terms of individual entrepreneurs. The leaders in relative growth are Volyn, Kyiv, Vinnytsia, Zhytomyr, and Rivne regions. A decrease in the number of entities is observed in Kherson, Luhansk (based on available data), and Donetsk (based on available data) regions. Despite the proximity to hostilities, a slight increase can be observed in Zaporizhzhia, Sumy, and Kharkiv regions.

The leading position in the growth of registered enterprises in the western regions of Ukraine can be explained by two factors: the absence of the traditional increase in the number of enterprises in the eastern regions due to ongoing hostilities; and the physical relocation of businesses from the eastern and northern regions to the western regions of Ukraine. The main reasons for the relocation of enterprises and the inability to restore or increase business activities include unpredictability in the domestic market of Ukraine, unforeseen government actions that could worsen the business environment, lack of a sufficient number of solvent customers, lack of a sufficient number of qualified workers, and insufficient capital (Figure 6).

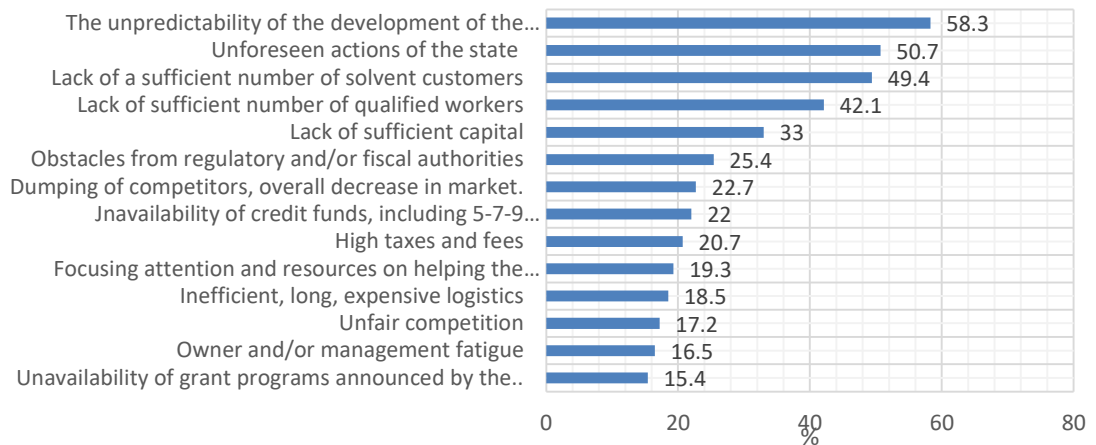


Figure 6. Distribution of Negative Factors on Business Performance in Ukraine as of the end of 2023 Source: compiled by the author

A study by the Scientific Department of the United Nations investigated business owners' sentiments and needs for the harmonious development of entrepreneurship (Figure 7).

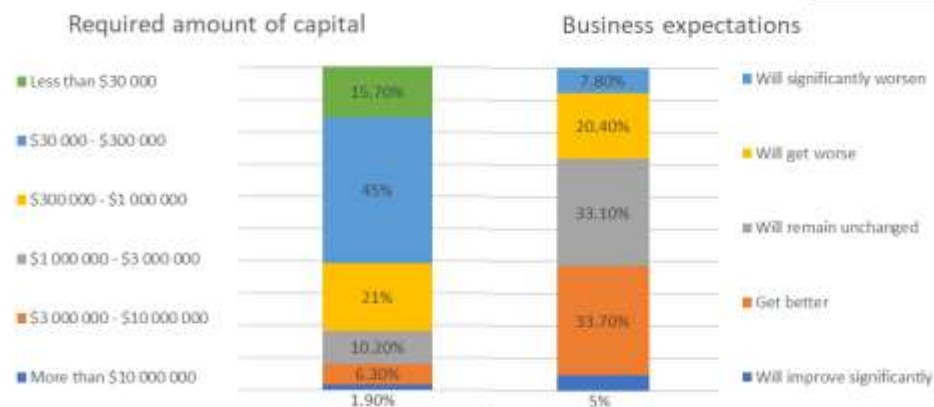


Figure 7. Structure of Capital Allocation Necessary for Development and Business Expectations of Business Entities for 2024–2025

Source: compiled by the author

Based on the data presented in Figure 7, it can be concluded that most entrepreneurs in Ukraine require investments in the range of \$30,000 to \$300,000 and tend to believe that their businesses will gradually grow (33.7%). In comparison, another 33% believe that the pace of their business development will remain unchanged.

To justify the moderately positive expectations of business entities, it is necessary to examine the profitability dynamics of enterprises in various sectors of the economy during both the pre-war and wartime periods (Ain, 2024). For relevant indicators, the period from 2021 to 2023 will be selected (Table 1).

<b>Branch</b>	<b>Percentage of profitable enterprises</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Industry</b>	<b>73,8</b>	<b>56</b>	<b>74,9</b>
Mining and quarrying	62,8	46,3	74,4
Manufacturing	80,8	60	79,3
production of foodstuffs, beverages and tobacco products	82,2	66,1	74,1
textile industry, sewing of clothes, leather, leather articles and other materials	89,6	74,3	84,6
products of wood, paper and printing	82,1	67,4	93
coke and refined petroleum products	63,6	50	64,3
chemicals and chemical products	73,1	54,5	81,3
basic pharmaceutical products and pharmaceutical preparations	82,6	76,2	97,8
rubber and plastic products, other non-metallic mineral products	84,3	51,1	87,2
basic metals, fabricated metal products, except machinery and equipment	76,8	56,6	82,6
engineering	78	54,9	73,9
computer, electronic and optical products	89,7	66,7	82,1
electrical equipment	77,8	57,5	67,4
machinery and equipment, not included into other groups	70,6	50,6	79,2
motor vehicles, trailers, semi-trailers and other transport equipment	81,4	54,9	68,5
furniture and other manufacturing, repair and installation of machinery and equipment	83	50	74,4
Electricity, gas, steam and air conditioning supply	48,8	47,3	57,9
Water supply, sewerage, waste management	52,1	26,2	58,7

Table 1: Structure of Profitability of Enterprises by Sector in 2021–2023  
*Source:* compiled by the author based on Ministry of Finance of Ukraine (2024b)

Analysing Table 1, it can be concluded that there was an overall decrease in enterprise profitability in 2022 compared to 2021, from 74.9% to 56%, representing a decline of 18.9%. However, by 2023, the overall profitability of enterprises almost returned to pre-war levels, reaching 73.8%. During 2023, the sectors that showed the most significant improvements in profitability were the production of food products, beverages, and tobacco; textiles and clothing; leather and other materials; computer, electronic, and optical products; electrical equipment; motor vehicles and transportation equipment; furniture; and the repair and installation of machinery and equipment. These sectors exceeded their pre-war profitability levels in 2023. The pharmaceutical industry and wood, paper, printing, rubber, and plastic production have remained

consistently profitable.

Figure 8 shows the business expectations of entrepreneurs for 2024–2025 by region.

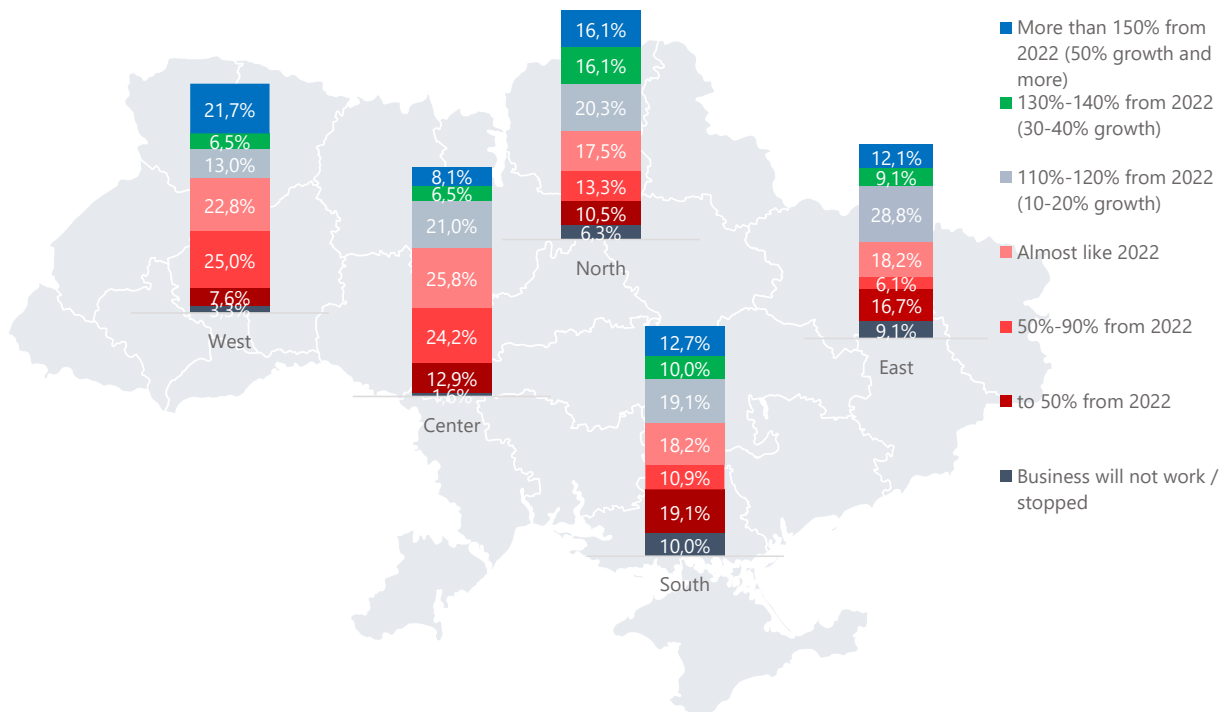
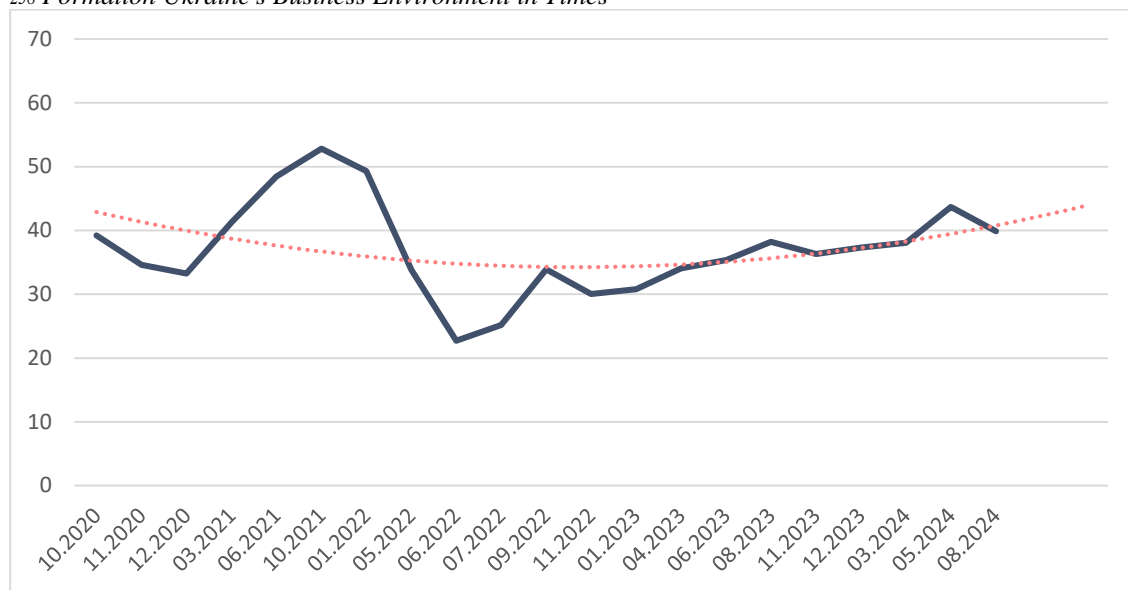


Figure 8. Business Expectations of Entrepreneurs for 2024–2025

Source: compiled by the author

Despite the challenging military situation in Eastern and Southern Ukraine, the research results indicate relatively positive sentiments among entrepreneurs in these regions. In Eastern Ukraine and the South, 18% of entrepreneurs hold moderate expectations, while 50% anticipate the likelihood of positive changes. In the South, a similar indicator reaches 42%. Entrepreneurs in the Northern region are also hopeful for positive changes (52%). However, the sentiments in Ukraine's Central and Western regions are more pessimistic. In these regions, only 36% and 40% expect an improvement in business conditions, which is surprising given that these regions have been the least affected by the military actions and consequences of Russian aggression (Figure 9).



*Figure 9. Ukrainian Business Index*

*Source: compiled by the author*

The Ukrainian Business Index (UBI) is calculated based on research. The changes over the last month are studied in 5 parameters for manufacturing companies and 4 parameters for non-manufacturing companies. A UBI value above 50 indicates active business development, while a UBI value below 50 shows a decline in business activity. The parameters used to calculate UBI are shown in Table 2.

Performance indicator	Growth	No changes	Decline	DI
Number of new orders from customers	20%	34%	46%	37 %
Number of employees	7%	72%	21%	43 %
Volume of products / services provided	18%	42%	39%	40 %
Total level of inventory (for manufacturing companies)	18%	53%	29%	44 %
Total number of orders to suppliers	17%	45%	38%	39 %

Table 2 Business Performance Indicators for Calculating UBI as of August 2024

The percentages in the table under the columns “growth”, “no changes”, “decline” indicate the distribution of responses from survey participants regarding the respective parameters (the first column) and reflect the corresponding changes during the last month.

The Diffusion Index (DI) is calculated as follows:  $DI = (\% \text{ of responses indicating "growth"}) + 0.5 * (\% \text{ of responses indicating "no changes"})$ .

UBI (Unified Business Index) for manufacturing companies =  $0.30 \times DI \text{ (new orders)} + 0.25 \times DI \text{ (production)} + 0.20 \times DI \text{ (employment)} + 0.15 \times DI \text{ (deliveries)} + 0.10 \times DI \text{ (inventories)}$ .

UBI for non-manufacturing companies =  $0.33 \times DI \text{ (new orders)} + 0.28 \times DI \text{ (production)} + 0.22 \times DI \text{ (employment)} + 0.17 \times DI \text{ (deliveries)}$ .

Accordingly, if the UBI is above 50, the business is actively developing. If it is below 50, this indicates a decline in business activity.

The dynamics of UBI in 2023-2024 (Advanter Group, 2024) indicates a recovery in entrepreneurial activity in Ukraine.

## Discussion

The state's regulatory policy is critical in shaping a favourable business climate. It is tasked with enabling businesses to effectively use human, financial, innovative, and land resources to efficiently transform them into final products and deliver them to consumers. Alongside the internal factors affecting SMEs, this creates the foundation for developing a business entity's entrepreneurial potential (Semenets-Orlova et al., 2023).

The leading macroeconomic indicators that characterise the favourability of the business environment include GDP growth rates, the consumer price index, the rate of national currency depreciation, and the growth rate of foreign investments (Los & Ocheretin, 2019; Bobrovska et al., 2022; Kravchenko & Pavlenko, 2022). The difference between GDP growth rates expressed in hryvnias and GDP expressed in US dollars indicates support for the national currency and positive expectations from foreign investors, international organisations, and partner countries (Kortukova et al., 2023; Kvasnii et al., 2023).

The study of the dynamics of critical indices that characterise industry development and inflationary processes indicates a gradual recovery of Ukraine's economy from the consequences of the full-scale invasion in 2022, the acceleration of adaptation processes, and the reorientation of business entities to the peculiarities of wartime conditions.

The most dynamically developing entrepreneurship is observed in the Kyiv, Dnipropetrovsk, Kharkiv, Lviv, Odesa, and Kyiv regions. This aligns with the business expectations of entrepreneurs in these regions, as the research showed that SMEs in the East and North of the country have the most optimistic expectations.

The main factors negatively affecting the development of the business climate in Ukraine remain the unpredictability of the situation in Ukraine's domestic market, unpredictable government actions that could worsen business conditions, insufficient solvent customers, lack of qualified personnel, and inadequate capital. For the financial support of effective business operations, most enterprises (45%) require additional financing in the range of \$30,000 – \$300,000.

As of 2023, the most profitable enterprises are those producing textiles, clothing, and leather goods; computer, electronic, and optical products; and rubber and plastic products. Enterprises in the food and beverage production, automotive and transport equipment, and machinery and equipment repair sectors are also promising.

Among the main problems identified by entrepreneurs, the most prominent are the consequences of the economic crisis, rising prices, depreciation of the national currency, low purchasing power of the population (44%); high competition (31%); frequent and unpredictable changes in legislation regarding state regulation and the tax system (28%); high likelihood of unstable operation of power grids, internet, and telecommunications (21%); and corruption and unsanctioned inspections by regulatory authorities (20%).

It is worth noting that in 2023 there has been a trend towards an increase in the share of individual enterprises and the level of self-employment, which is related to the desire to resume operations after relocation and business closure. Given the high risk of the shadow economy, an essential direction in state regulation is the optimisation of the tax system, considering the specifics of business operations, the region, and the scale.

Support for Ukrainian businesses during 2022–2023 was implemented through the introduction of international and state funding programmes, such as the State Enterprise Relocation Programme, the New Tax Policy to reduce financial burdens on enterprises, the State Zero-Interest Credit Programme “Affordable Loans 5-7-9%”, the Policy for Reducing Unemployment and Promoting Employment, the State Project “e-Robota”, and State Financial Support for the Manufacturing Sector, among others.

## Conclusion

Despite the challenging wartime conditions, Ukrainians have demonstrated their resilience against extreme circumstances at all levels of state functioning to the world and themselves. Through effective international policy and solid military resistance, it has been possible to revive the Ukrainian economy and business sector while maintaining moderate or positive sentiments and expectations among business entities, which undoubtedly positively impacts the effectiveness of economic activities.

Undoubtedly, Ukrainian businesses face daily challenges brought about by the current situation, whether it be the high risk of labour shortages due to population displacement, mass migration, and personnel mobilisation, the imperfections of regulatory policies, the unavailability of necessary financial resources, or the inability to predict the economic and military-political situation in Ukraine reliably. However, Ukrainian businesses continue to operate, recover, and show positive growth trends, reflected positively in the business climate and business expectations domestically and among foreign partners and organisations.

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