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**STATUS, PROBLEMS AND PROSPECTS OF ACTIVITIES OF  
UKRAINIAN ENTERPRISES IN TODAY'S REALITIES**  
**СТАН, ПРОБЛЕМИ ТА ПЕРСПЕКТИВИ ДІЯЛЬНОСТІ ПІДПРИЄМСТВ  
УКРАЇНИ В РЕАЛІЯХ СЬОГОДЕННЯ**

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**Abstract.** *The article shows that Ukrainian business was significantly affected by the war unleashed by the Russian Federation. The changes that negatively affected the work of entrepreneurs and significantly complicated the possibilities of conducting business were analyzed. The dynamics of the number of active economic entities during 2020-2022 were considered and their number decreased during the studied period. The activities of the subjects were analyzed in terms of large, medium, small and micro enterprises. The main problems of Ukrainian entrepreneurs are considered.*

*It is shown that despite losses and challenges due to the war, Ukraine has managed to maintain relative macroeconomic and price stability and to overcome significant disruptions in production and the effects of displacement-induced labor outflows. The problems faced by domestic business in the post-war period are considered.*

**Key words:** *business entities, large enterprises, medium-sized enterprises, small enterprises, micro-enterprises.*

**Introduction.**

Ukrainian business suffered significantly from the war unleashed by the Russian Federation. Entrepreneurs suffered huge losses, especially at the beginning of the war. Some entrepreneurs lost everything due to the destruction and occupation of part of our territories. According to the results of 2022, the decline of the national economy amounted to 30.4%, and consumer inflation amounted to 26.6%, which means that the price of goods and services in Ukraine increased by a quarter on average. There was also a significant devaluation of the national currency - from UAH 29/dollar. before the invasion to 40 hryvnias/dollar. as of now on the cash currency market, which also could not but affect the cost of goods and services [1].

In addition to a significant decline in welfare and rising prices, since the beginning of the war, business has practically lost the opportunity to conduct foreign economic activity: the borders with the Russian Federation and Belarus were closed, the work of domestic seaports was stopped, and the possibilities of the western border were significantly limited. 8 million people left Ukraine abroad to escape hostilities, and almost 5 million people within the country became internally displaced.

In addition to the drop in income, of course, there were other changes that negatively affected the work of entrepreneurs and significantly complicated the possibilities of conducting business. Thus, attacks on energy facilities led to massive,



long-term power outages. The shelling caused interruptions in work processes, reduction in the number of productive hours, difficulties in planning, accumulated fatigue of employees, increased costs due to the use of generators, and other negative consequences for the work of companies. Some businesses have completely stopped their activities, some have temporarily stopped their work, and some have adapted to the realities of war and are trying to develop.

The biggest problems faced by the business at the beginning of the war are logistics, the problem of delivery of foreign goods and generally traveling abroad, currency calculations and uncertainty in the future [2].

### **Review of recent research and publications.**

Domestic and foreign scientists dealt with the issues of outlining the problems of business development in Ukraine and ways to overcome them. These questions became especially relevant in the conditions of a difficult economic situation. Thus, in the work of O. Aref'eva, S. Piletska, and M. Listrova, the formation of the competitive strategy of the enterprise in the anti-crisis management system is considered [3]. In the work of L.M. Cakun, Yu.Yu. Vedeninoy, L.V. Sukhomlyn, O.S. Tsimbal developed a strategy of anti-crisis management at machine-building enterprises in conditions of change [4]. In the study of A.A. Dovichena, O.G. The widow outlined a triune vector of stabilization of the economy of Ukraine in the conditions of uncontrolled global challenges [5]. The main attention in the work of V. Dykan, N. Frolova is directed to the instruments of state support for the development of small and medium-sized businesses in Ukraine during the war [6].

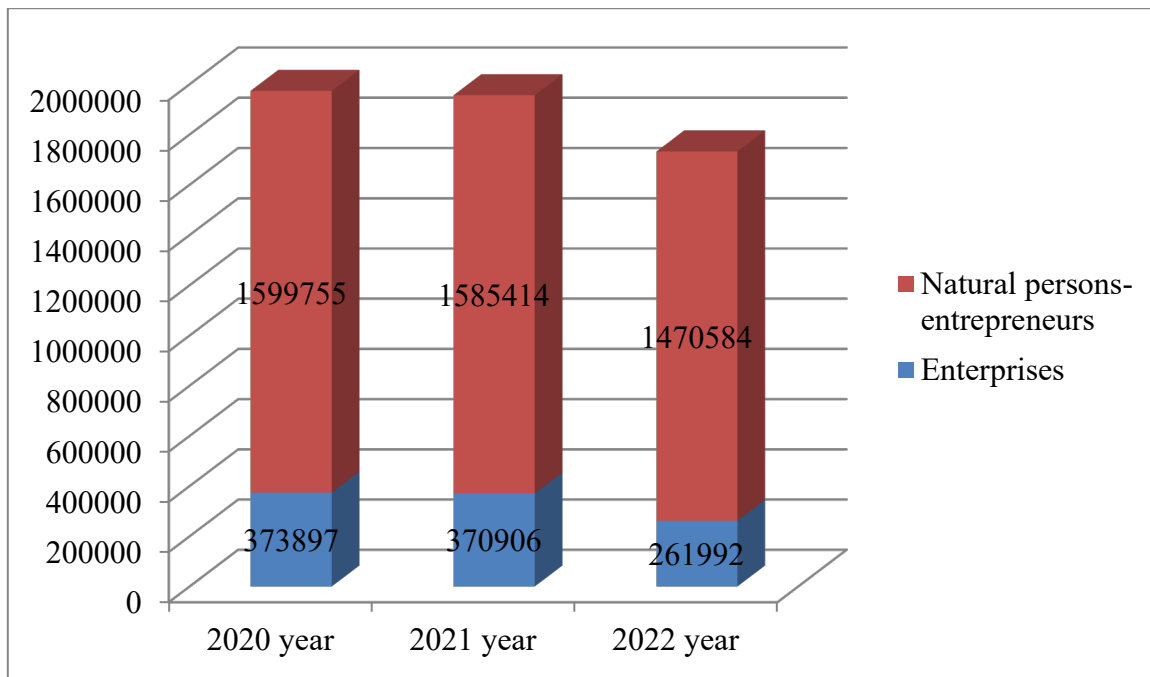
Many Ukrainian scientists in their scientific research focused on overcoming the problems of Ukrainian enterprises in the conditions of martial law. Thus, in the work of N. Kovalchuk and A. Kalugar, the challenges for Ukrainian enterprises in the conditions of the war with Russia were investigated [7]. In the work of S. Hyrych, special attention is paid to the problems of trade enterprises and ways to solve them in the conditions of martial law [8].

However, taking into account the rapid dynamics of changes in indicators of activity in various spheres of the economy of Ukraine in today's conditions, consideration of problems and ways of development of domestic enterprises remains an urgent issue.

### **Presenting main material.**

If we consider the dynamics of the number of active economic entities during the years 2020-2022, it becomes obvious that their number decreased during the studied period (Fig. 1). So, if in 2020 the total number of active economic entities was 1,973,652 units, then in 2021 this number was 1,956,320, and in 2022 – 1,732,576 units, that is, during the studied period, their number decreased by 12.21%. The number of operating enterprises fell from 373,897 units in 2020 to 261,992 in 2022, i.e. decreased by almost 30%. During the same period, the number of active individual entrepreneurs decreased from 1,599,755 to 1,470,584, i.e. by 8.1%.

If we consider the number of active economic entities by type of economic activity, then the largest number of them is related to wholesale and retail trade, repair of motor vehicles (41.9% in 2020, 39.7% in 2021 and 38.2% in 2022).



**Figure 1 - Dynamics of the number of active business entities in Ukraine in 2020-2022**

*Compiled by the author based on [9].*

Examining the activity of subjects in the section of large, medium, small and micro enterprises, we see that during the studied period from 2020 to 2022, the number of subjects of large entrepreneurship decreased from 512 units to 494 (Table 1). The reduction becomes even more obvious if we compare the year 2021, when the number of subjects of large enterprises amounted to 610 units.

**Table 1 - Dynamics of the main activity indicators of large, medium, small and micro enterprises**

Subjects	Indicator											
	Number of operating entities, units			Number of employed workers, thousands of people			Number of employees, thousands of people			Volume of sold products (goods, services), million hryvnias		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
big business	512	610	494	1574,6	1648,7	1369,9	1574,6	1648,7	1369,9	3626388	5140367	4024267
medium-sized enterprise	17946	17811	15037	3123,2	2999,8	2610,1	3121,4	2998,2	2608,6	4384676	5931851	4938613
small business (including micro-business)	1955119	1937827	1716977	4234,1	4287,7	3522,4	2558,4	2601,9	2006,0	305123	3917594	2156995
micro-enterprises	1898902	1880858	1671558	3099,5	3127,4	2583,5	1437,6	1455,1	1076,5	1652041	2153539	704034

*Compiled by the author based on [9].*



The number of medium-sized enterprises also decreased from 17,946 to 15,037 during the studied period. The same pattern was observed among small business entities (taking into account micro-business) - a reduction from 1955119 units in 2020 to 1716977 in 2022. By the end of 2023, micro, small and medium-sized enterprises in the Ukrainian economy accounted for 99.98% of all economic entities and provided 74% of all jobs.

The volume of sold products (goods and services) produced by large enterprises increased during the studied period from UAH 3,626,388.0 million in 2020 to UAH 4,024,267.1 in 2022. Similar dynamics were observed in the work of medium-sized enterprises (the volume of sold products (goods and services) increased from 4384676.2 million hryvnias in 2020 to 4938613.5 in 2022. However, this volume decreased by almost a third in small enterprises and fell from UAH 2,153,538.7 million in 2021 to UAH 704,033.9 in 2022 for micro-enterprises.

By the end of 2023, almost 91% of Ukrainian enterprises have resumed their activities since the beginning of the war. As of October 2023, only 9.6% of companies suspended their activities or were at risk of closure, in June 2022 this figure reached 46.8%.

In 2023, enterprises gradually returned to the pre-war level of capacity - on average, they used 53.4%. According to the forecast, this percentage should increase to 56% in 2024. Almost 80% of companies do not consider the possibility of attracting foreign investments, but rely on domestic loans [10].

Enterprises in the East and South of Ukraine suffered 1.5 times more losses than in the West.

Among the main problems of Ukrainian entrepreneurs:

- consequences of the economic crisis;
- rise in prices and exchange rates, low purchasing power of the population, as a result of the economic crisis;
- high competition;
- frequent and unpredictable changes in legislation, state regulation, tax system;
- possible interruptions with communication, Internet, electricity;
- corruption and constant inspections by control bodies.

Among others, problems with attracting customers and additional investments, mobilization and departure of personnel abroad, loss of key partners and suppliers due to high risks of instability are significant.

Despite the losses and challenges of the war, Ukraine has managed to maintain relative macroeconomic and price stability and overcome significant disruptions in production and the effects of displacement-induced labor attrition. The fastest pace of recovery is observed in the following sectors: construction, domestic trade, agriculture and manufacturing. The construction sector experienced notable growth, expanding by 20.9% in the first nine months of 2023 compared to the same period in 2022. Turnover in retail trade increased by 11.6%, and the grain harvest as of January 11, 2024 exceeded the corresponding period of 2023 by 15% [10].

In our post-war future, during the recovery of the country, domestic business will face a lack of knowledge, expertise and technology, a shortage of personnel, the difficulty of obtaining financing for recovery, as well as adaptation to new conditions.



In addition, growing competition, lack of paying customers, and limited access to cheap financial resources can be problems for entrepreneurs.

### Conclusion.

In the perspective of the near future, the Ukrainian business community expects certain steps from the state to support the economy and business operations in particular. For this, the key priority is to promote the attraction of foreign investments in our country. The issues of European integration, continued harmonization of Ukrainian legislation with EU norms, promotion and support of businesses in entering European markets, etc., are extremely important. Of course, the priority is effective interaction with the authorities in the matter of countering the shadow economy, which, depending on the sector, ranges from 25 to 70 percent, which creates unequal rules of the game in the market and prevents transparent business from moving forward.

As for more global prospects, Ukraine has received the long-awaited status of a candidate for EU member states and is making maximum efforts to speed up the integration process. Undoubtedly, this will be the key driving force of changes for domestic business as well, because Ukraine will become a full participant in the European market, which means playing by new rules.

Of course, joining the EU will mean increased competition for Ukrainian businesses, which will have to work on increasing their own competitiveness. But this also means the expansion of horizons regarding sales markets, and additional investments in the Ukrainian economy.

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