



Report on Entrepreneurial Ecosystem



Global Entrepreneurship Monitor

Ukraine 2023 / 2024

Global Entrepreneurship Monitor Ukraine 2023/2024

National Report

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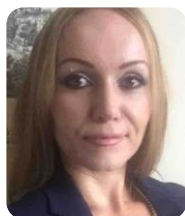
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In 2023, in the midst of difficult war conditions in Ukraine, one of the main sponsors of the Ukrainian GEM report and the Ukrainian team was the Fribourg School of Management and Finance (HEG-FR). This institution is a well-known bilingual public business school located in Fribourg, Switzerland. It is part of the University of Applied Sciences and Arts of Western Switzerland (HES-SO). The school's Institute for Small and Medium Enterprises is known for its expertise in entrepreneurship and SMEs and is actively involved in the research of the Global Entrepreneurship Monitor (GEM) under the leadership of Prof. Dr. Rico Baldegger. The school also works closely with partners such as SUPSI Manno in Ticino, Switzerland. HEG-FR is characterized by its commitment to interdisciplinary entrepreneurship education and research, with a particular focus on women's entrepreneurship and research on the impact of entrepreneurship on the United Nations Sustainable Development Goals (SDGs). This commitment makes HEG-FR a significant contributor to the GEM Ukrainian Report, providing valuable insight and support at a critical time for Ukraine.



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In 2023, during the turbulent time of war in Ukraine, another important sponsor for the Ukrainian report and the GEM team was the Institute for Circular and Hydrogen Economy (ICHE). The ICHE was established to manage the transition from fossil fuels to renewable energy sources and focuses on promoting sustainable and circular economy concepts, especially in Ukraine. It emphasizes the importance of hydrogen technologies for the transition to green energy and a new type of economy based on circularity and sustainability. The Institute provides advice on global trends in decarbonization of the economy, climate policy and hydrogen technology with the aim of promoting a sustainable economy and facilitating partnerships for sustainable energy projects in Ukraine. As the exclusive partner of the Global Entrepreneurship Monitor (GEM) for Ukraine, ICHE contributed significantly to the GEM report, highlighting its expertise in the areas of sustainability and energy transition. Team members Viktoriia Apalkova, Serhii Apalkov, Nataliia Meshko and Oksana Tarasiuk led the work.

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Preview

Global Entrepreneurship Monitor (GEM): A key resource for entrepreneurship growth and policy making in Ukraine

The Global Entrepreneurship Monitor (GEM), which was launched as a pilot program in 1998 by the London Business School and Babson College under the direction of Professors Michael Hay, Bill Bygrave and Paul D. Reynolds, is regarded as the most comprehensive and sustainable study of entrepreneurship worldwide. Since its beginnings with just five participating countries — Canada, Finland, Germany, the UK and the US — GEM has grown exponentially and will encompass more than 120 economies by 2023, collecting responses from more than 3.6 million people through the GEM Adult Survey (APS).

In a landmark development for the country, Ukraine joined the GEM in 2023, marking the first time in its history that its entrepreneurial ecosystem was surveyed using the GEM methodology. This initiative was particularly important given the difficult circumstances Ukraine has faced since the war that began in February 2022. By integrating into the GEM project, Ukraine was given a unique opportunity to explore its entrepreneurial environment and gain important insights that can lead to informed policy decisions and effective resource allocation, supporting the recovery and development of its entrepreneurial ecosystem.

The Ukrainian team's participation in GEM also heralded the completion of a groundbreaking study that looked at the country's entrepreneurial environment. This study, the results of which are detailed in this report, represents a crucial step in understanding and promoting entrepreneurship in Ukraine. Due to the limited number of APS responses, the analysis of entrepreneurial ecosystem was limited to a gender and region breakdown, without age-based segmentation. Nonetheless, this study sheds light on the challenges and opportunities in the field of entrepreneurship in Ukraine and provides valuable data for strategic decision-making.

GEM's unique methodology of working directly with entrepreneurs sets it apart from other studies and provides a rich source of data for academics, researchers, entrepreneurs and policy makers worldwide. For Ukraine, this partnership not only facilitates access to a rich pool of global business research, but also increases the country's visibility in the international business community. This is crucial for understanding global trends, for comparison with other economies and for developing strategies that are relevant locally but resonate globally.

The importance of GEM's contributions is immense, especially given the critical role that promoting entrepreneurship plays in certain demographic segments, such as women entrepreneurs. In the case of Ukraine, where war has led to the displacement of millions of people and a significant proportion of men are involved in military activities, the findings of GEM research are indispensable. They shed light on the challenges faced by women entrepreneurs and provide guidance for their integration into new business contexts.

Ukraine's participation in GEM is a strategic initiative to strengthen the country's entrepreneurial ecosystem in the midst of challenges. This collaboration paves the way for important research, policy development and international partnerships that are essential for economic resilience and expansion. As a source of comprehensive, globally collected business data, GEM is a key tool for promoting entrepreneurship, which will benefit not only Ukraine, but also the entire global community, including participants such as the World Bank, the United Nations, the World Economic Forum, the European Commission, and the OECD.

Передмова

Глобальний моніторинг підприємництва (GEM): життєво важливий ресурс для розвитку підприємництва та формування політики в Україні

Глобальний моніторинг підприємництва (GEM), який був започаткований у якості пілотної програми в 1998 році Лондонською школою бізнесу і Бебсон-коледжем під керівництвом професорів Майкла Хея, Білла Бігрейва і Пола Д. Рейнольдса, вважається найбільш повним і довготривалим дослідженням підприємництва у всьому світі. З моменту свого створення, коли в ньому брало участь лише п'ять країн — Канада, Фінляндія, Німеччина, Великобританія та США, GEM швидко збільшував свою присутність і на початок 2023 року охопив понад 120 країн, зібравши відповіді від більш ніж 3,6 мільйонів людей за допомогою опитування дорослого населення GEM (APS).

Приєднання України до GEM у 2023 році стало значущою подією для країни, оскільки це був перший випадок в історії, коли її підприємницьку екосистему було досліджено згідно з методологією GEM. Ця ініціатива набула особливої важливості в контексті тяжких обставин, з якими Україна стикнулася внаслідок війни, що розпочалася у лютому 2022 року. Інтеграція до проекту GEM надала Україні унікальну можливість здійснити аналіз свого підприємницького середовища, отримавши важливу інформацію, яка може слугувати основою для прийняття обґрунтованих рішень у сфері політики та ефективного розподілу ресурсів, спрямованих на підтримку, відновлення та розвиток підприємницької екосистеми країни.

Участь української команди в GEM відзначилась завершенням піонерського дослідження, присвяченого аналізу підприємницького середовища України. Результати цього дослідження, детально описані в даному звіті, стали важливим кроком у розумінні та розвитку підприємництва в країні. Через обмежену кількість відповідей APS, аналіз був зосереджений на розгляді підприємницької активності з розбивкою за статтю та регіоном, не включаючи сегментацію за віком. Тим не менш, це дослідження висвітлює виклики та можливості в підприємницькій сфері України, надаючи цінні дані для розробки стратегічних рішень.

Унікальна методологія прямої роботи з підприємцями GEM відрізняє його від інших досліджень та забезпечує багате джерело даних для вчених, дослідників, підприємців та політиків у всьому світі. Для України це партнерство не лише полегшує доступ до багатого пулу глобальних бізнес-досліджень, а й підвищує помітність країни у міжнародній бізнес-спільноті. Це має вирішальне значення для розуміння глобальних тенденцій та порівняння з іншими економіками, а також для розробки стратегій, які є актуальними на місцевому рівні, але знаходять відгук у всьому світі.

Важливість внеску GEM є величезною, особливо враховуючи вирішальну роль, яку сприяння підприємству відіграє в певних демографічних сегментах, таких як жінки-підприємці. У випадку України, де війна призвела до переміщення мільйонів людей і значна частина чоловіків бере участь у військових діях, результати дослідження GEM є незамінними. Вони проливають світло на виклики, з якими стикаються жінки-підприємці, і дають рекомендації щодо їх інтеграції в новий бізнес-контекст.

В цілому участь України в GEM є стратегічною ініціативою для зміцнення підприємницької екосистеми країни в умовах викликів. Ця співпраця прокладає шлях для важливих досліджень, розробки політики та міжнародного партнерства, які є важливими для економічної стійкості та розвитку. Як джерело всебічних бізнес-даних, зібраних у всьому світі, GEM є ключовим інструментом для сприяння підприємству, який принесе користь не лише Україні, але й усьому світовому співтовариству, включаючи таких учасників, як Світовий банк, ООН, Всесвітній економічний форум, Європейську комісію та ОЕСР.

Key findings and recommendations

Key findings

The GEM methodology, based on the Adult Population Survey (APS) and the National Expert Survey (NES), provided crucial information on the state of the entrepreneurial ecosystem in Ukraine under wartime conditions.

The main findings of the comprehensive report on the application of the Global Entrepreneurship Monitor (GEM) in Ukraine, together with expert insights and statistical analysis, provide a detailed picture of the entrepreneurial landscape in challenging conditions:

Entrepreneurial activity and resilience

Despite the war, Ukraine has a sufficiently high *TEA (Total Early-stage Entrepreneurial Activity) rate of 19.9 %*, which indicates the country's strong entrepreneurial spirit. However, the intensity of entrepreneurial activity varies from region to region: the central and northern regions have higher TEA rates than the southern and eastern regions, which have been particularly affected by the war.

National Entrepreneurial Context

The results of the National Expert Survey (NES) show that the *National Entrepreneurship Context Index in Ukraine is 4.3*. This index is a comprehensive measure of the support for entrepreneurial activity in the country, which in this case can be categorized as «moderate». A closer examination of the components of this index revealed that experts rated aspects such as «physical infrastructure» and «social and cultural norms» that support the development of entrepreneurship in Ukraine highly. However, significant challenges were identified in areas such as government policy, business financing and the transfer of scientific research and development, which have been exacerbated by the war.

Comparative analysis with neighboring European countries

Despite the challenges associated with the war, the *National Entrepreneurship Context Index (NECI) in Ukraine is at the same level as in neighboring countries*, particularly Poland (4.3) and Romania (4.3), and even surpasses that of Slovakia (4.0). The only neighboring country participating in GEM with a significantly higher index is Hungary (4.5). This shows the resilience and great potential for the development of the country's entrepreneurial ecosystem.

Societal attitudes and gender perspectives

The results obtained show a positive societal attitude towards entrepreneurship, especially among women, who have a more positive view of entrepreneurship as a career choice. However, the gender-specific differences in the self-perception and self-confidence of entrepreneurs point to the need for targeted support for female entrepreneurs.

Entrepreneurial expectations

Entrepreneurs are cautiously optimistic about the development of their business in the near future, with many expecting stability rather than significant expansion. A significant number of entrepreneurs plan to increase the use of digital technologies.

Informal investment landscape

An informal investment is a form of investment in which start-ups or existing companies are financially supported by friends, acquaintances or even strangers who see potential in a business idea. They take place outside of official financial channels such as venture funds or the stock exchange. The results show that in Ukraine, informal investments flow primarily

into businesses owned by close family members, friends and neighbors. In addition, a gender gap was found in the participation and volume of informal investments, with men being more active and investing higher amounts.

Recommendations

Ukraine's strategy to improve its entrepreneurial ecosystem in times of war and beyond should be comprehensive and multi-level.

First and foremost, attention should be focused on reforming the system **to reduce its vulnerability to corruption**. In times of crisis, the state must take a firm stance against corruption, as it threatens the confidence of domestic and foreign investors.

Secondly, given the additional challenges that military action brings, it is crucial to put in place mechanisms to provide **financial support** to entrepreneurs. This can include a variety of initiatives ranging from direct funding to facilitating access to credit. Providing entrepreneurs with resources and training on crisis management will help them to effectively deal with the challenges associated with operating in times of war or post-war.

Third, Ukraine needs to actively support initiatives that **promote innovation and the application of digital technologies** in business practice. Access to resources and training in digital literacy, as well as support for the development of new products and services, will help maintain the competitiveness and innovativeness of Ukrainian businesses. Special attention should be paid to effective methods of transferring research results to promote business development and innovation.

Fourth, special attention must be paid to **supporting female entrepreneurship**, addressing the specific problems they face (e.g. fear of failure, lack of confidence in their own competencies, etc.). This includes developing special programs and new entrepreneurial strategies that provide mentorship, networking opportunities and easier access to funding.

Fifth, the continued development and support of a **strong physical and technological infrastructure**, which is critical to the modern entrepreneurial ecosystem, are important aspects. Supporting businesses that have been forced to relocate to other regions due to the war is also critical. This includes helping them to re-establish their operations in safer areas and offering incentives for their return after the war.

Sixth, expanding opportunities for **international partnerships and trade** will help Ukrainian businesses access new markets and resources, promoting economic growth and stability. This may include increasing diplomatic efforts and participation in international business forums to attract foreign investors and showcase the potential of the Ukrainian market.

Seventh, the **promotion of social entrepreneurship and community initiatives** will capitalize on Ukraine's strong social and cultural norms that encourage entrepreneurship.

By focusing on these directions, Ukraine can not only overcome current challenges, but also build a solid foundation for sustainable economic growth and innovation in the future. Such efforts will capitalize on the country's inherent resilience and adaptability, which are critical to post-war prosperity.

The GEM report on Ukraine thus gives a clear picture of the state of the entrepreneurial ecosystem during the war. However, it is a snapshot and in order to have a more effective mechanism, the situation needs to be tracked dynamically. Therefore, more similar reports are needed to understand trends and prevent the development of unfavorable scenarios on the one hand, and create favorable conditions for the development and flourishing of the entrepreneurial ecosystem in Ukraine on the other.

Основні висновки та рекомендації

Основні висновки

Методологія GEM, яка ґрунтується на Опитуванні дорослого населення (APS) і Національному експертному опитуванні (NES), надала важливу інформацію про стан підприємницької екосистеми в Україні в умовах війни.

Основні висновки комплексного звіту про застосування Глобального моніторингу підприємництва (GEM) в Україні разом із експертними висновками та статистичним аналізом дають детальну картину підприємницького ландшафту в складних умовах:

Підприємницька активність та стійкість

Незважаючи на війну, Україна виявила достатньо високий рівень загальної підприємницької активності на ранніх етапах (TEA), який досяг 19,9%, що є свідченням сильного підприємницького духу країни. Водночас інтенсивність підприємницької діяльності варіюється в залежності від регіону: центральні та північні області показують вищі показники TEA порівняно з південними та східними регіонами, які особливо постраждали від війни.

Національне підприємницьке середовище

Результати Національного експертного опитування (NES) свідчать, що індекс національного контексту підприємництва (NECI) в Україні становить 4.3. Цей індекс є комплексною мірою, яка відображає рівень сприятливості країни для підприємницької діяльності, який у даному випадку можна класифікувати як «середній». Детальніший розгляд компонентів цього індексу виявив, що експерти високо оцінили такі аспекти, як «фізична інфраструктура» та «соціальні та культурні норми», які сприяють розвитку підприємництва в Україні. Однак, було виявлено серйозні виклики у сферах державної політики, фінансування бізнесу та трансферу наукових досліджень і розробок, що стали ще більш актуальними на фоні війни.

Порівняльний аналіз на тлі сусідніх європейських країн

Незважаючи на виклики, пов'язані з війною, індекс національного контексту підприємництва (NECI) в Україні відповідає такому самому рівню, як у сусідніх країнах, зокрема у Польщі (4.3) та Румунії (4.3), і навіть перевищує такий у Словаччині (4.0). Єдиною сусідньою країною, яка бере участь у GEM і має значно вищий показник, є Угорщина (4.5). Це демонструє стійкість та великий потенціал для розвитку підприємницької екосистеми країни.

Соціальні погляди та гендерні перспективи

Отримані результати підкреслюють позитивне суспільне ставлення до підприємництва, особливо серед жінок, які більш позитивно ставляться до підприємництва як до вибору професії. Однак, гендерні відмінності у самосприйнятті та впевненості у собі підприємців вказують на необхідність цілеспрямованої підтримки жінок-підприємниць.

Очікування підприємців

Підприємці виявляють стриманий оптимізм щодо розвитку свого бізнесу у найближчій перспективі, очікуючи переважно на стабільність замість значного розширення. Багато з них планують посилити використання цифрових технологій у своїй діяльності.

Ландшафт неформального інвестування

Неформальне інвестування – це форма інвестування, за якої стартапи або існуючі компанії фінансово підтримуються друзями, знайомими чи навіть незнайомими

людьми, які бачать потенціал у бізнес-ідеї. Вони відбуваються за межами офіційних фінансових каналів, таких як венчурні фонди чи фондова біржа. Отримані результати показали, що в Україні неформальні інвестиції переважно спрямовуються на підприємства, що належать близьким членам родини, друзям і сусідам. Також виявлено гендерний розрив в участі та обсягах неформальних інвестицій, який проявляється в тому, що чоловіки активніше залучені та вкладають більші суми.

Рекомендації

Стратегія України з метою поліпшення своєї підприємницької екосистеми в умовах війни та після неї повинна бути комплексною та багаторівневою.

Перш за все, увага повинна бути спрямована на реформування системи з метою **зменшення її вразливості до корупції**. У часи випробувань держава повинна проявити тверду позицію стосовно проявів корупції, оскільки це становить загрозу для довіри як з боку внутрішніх, так і зовнішніх інвесторів. Реалізація антикорупційних заходів сприятиме підвищенню довіри інвесторів та створенню прозорого бізнес-середовища.

По-друге, з огляду на додаткові виклики через військові дії, критично важливо впровадити **механізми фінансової підтримки** для підприємців. Це може включати різноманітні ініціативи, починаючи від безпосереднього фінансування і закінчуючи спрощенням доступу до кредитів. Надання ресурсів підприємцям та їх навчання в сфері управління кризовими ситуаціями допоможе їм ефективно вирішувати проблеми роботи у воєнний чи післявоєнний час.

По-третє, Україна мусить активізувати підтримку ініціатив, що спонукають до **інновацій та застосування цифрових технологій** у практиці ведення бізнесу. Забезпечення доступу до ресурсів і навчання цифровій грамотності, а також стимулювання розробки нових продуктів та послуг допоможуть зберегти конкурентоспроможність і інноваційність українського бізнесу. Особлива увага має бути приділена **ефективним способам передачі результатів наукових досліджень**, аби сприяти розвитку бізнесу та інноваціям.

По-четверте, особлива увага має бути зосереджена на **підтримці жіночого підприємництва**, вирішуючи специфічні проблеми, з якими вони зіштовхуються (наприклад, страх невдачі, брак самовпевненості у власних компетенціях та ін.). Це передбачає розробку спеціальних програм та нових підприємницьких політик, надання наставництва, можливостей для мережевого спілкування та спрощення доступу до фінансування.

По-п'яте, важливим аспектом є **постійний розвиток та підтримка міцної фізичної та технологічної інфраструктури**, критично необхідної для сучасної підприємницької екосистеми. Підтримка підприємств, які були змушені переміститися в інші регіони через війну, також є важливою. Це включає допомогу у відновленні їхньої діяльності у більш безпечних районах та надання стимулів для повернення після закінчення війни.

По-шосте, **розширення можливостей для міжнародного партнерства та торгівлі** сприятиме доступу українських підприємств до нових ринків і ресурсів, тим самим підтримуючи економічне зростання та стабільність. Це може включати активізацію дипломатичних зусиль та участь у міжнародних бізнес-форумах для приваблення іноземних інвесторів і демонстрації потенціалу українського ринку.

По-сьоме, заохочення соціального підприємництва та громадських ініціатив допоможе використовувати сильні соціальні та культурні норми України, які сприяють підприємництву.

Сконцентрувавшись на цих напрямках, Україна зможе не лише подолати поточні виклики, але й закласти міцну основу для тривалого економічного зростання та інновацій у майбутньому. Такі заходи допоможуть використати властиву країні стійкість і адаптивність, які є критично важливими для процвітання в післявоєнний період.

Отже, звіт GEM про Україну надав чітку картину стану підприємницької екосистеми в умовах війни. Проте, для розробки ефективних стратегій потрібно систематично відстежувати динаміку ситуації, тому необхідно проводити регулярні звіти, які допоможуть розуміти тенденції і вчасно реагувати на них, сприяючи створенню сприятливих умов для розвитку та процвітання підприємницької екосистеми в Україні.



1. The methodology of GEM and its application in Ukraine

Since its inception, the Global Entrepreneurship Monitor (GEM) has played a critical role in providing a comprehensive and in-depth analysis of entrepreneurial activity worldwide. Through the use of two main instruments, the Adult Population Survey (APS) and the National Expert Survey (NES), GEM provides invaluable insights into the entrepreneurial landscape in different economies.

The Adult Population Survey (APS), which targets individuals aged 18 to 64, aims to examine the extent and nature of entrepreneurial activity, including those actively involved in planning, starting or running a business. This study also examines social attitudes towards entrepreneurship. To ensure representativeness, the GSP collects data from at least 2000 respondents in each economy surveyed.

The National Expert Survey (NES), on the other hand, assesses the entrepreneurial ecosystem or environment. The NES involves a questionnaire survey of at least 36 experts from various fields, including finance, government policy, education, research and market analysis. These experts provide insights into factors that facilitate or hinder entrepreneurial activities in specific economies, with some responses highlighting important aspects of the national entrepreneurial environment.

In 2023, Ukraine joined the Global Entrepreneurship Monitor (GEM) under the auspices of the Institute for Circular and Hydrogen Economy (ICHE) in partnership with the Employers' Federation of Ukraine. The Ukrainian team was responsible for collecting and analyzing data for GEM as well as preparing a national report as part of the overall international report. The involvement of Ukraine in the project was of particular importance, especially considering that the interviewing of 91 national experts within the NES and the interviewing of 627 people within the GSP from all regions of the country coincided with the difficult times of the war that started in February 2022.

The implementation of the GSP in Ukraine played a key role in clarifying people's personal attitudes towards entrepreneurship and obtaining data on the specifics of the decision-making process when starting and developing a business. This study is extremely valuable as it collects information from the informal sector or the unregistered part of the economy and provides access to data that is usually not included in official statistical publications.

The National Expert Survey (NES) was conducted online in summer 2023. As part of the NES 2023, the Ukrainian team effectively collected feedback from 91 experts. The survey covered a wide range of topics, including financial accessibility and government support, which facilitated the analysis of the entrepreneurial infrastructure of the Ukrainian economy. The outcome of the study was the development of the National Entrepreneurship Context Index (NECI), which became a valuable tool for entrepreneurs and policy makers, allowing for a comparative analysis of the support and facilitation of entrepreneurial activity in different economies.

The GEM methodology is flexible and adapts to global changes and needs. In response to the COVID-19 pandemic, GEM has added new questions to its survey to analyze its impact on the economy. In addition, GEM expanded its survey in 2021 to include questions on environmental challenges and corporate social responsibility. These research aspects were further developed in subsequent years to include awareness of the UN Sustainable Development Goals (SDGs).

The 2023 GEM report classifies countries into three groups according to GDP per capita based on World Bank estimates (see Table 1.1). This classification serves to structure the data

and improve comparability within and between the groups. The participation of 46 national teams in the 2023 study shows the wide range of economies covered by GEM.

TABLE 1.1 Economies in GEM 2023, categorized by income group (GDP/cap)

Level A	Level B	Level C
>\$50,000	\$25,000–\$50,000	<\$25,000
Canada	Argentina*	Brazil
France	Chile	China
Germany	Croatia	Colombia
Italy	Cyprus	Ecuador
Rep. Korea	Estonia	Guatemala
Luxembourg	Greece	India
Netherlands	Hungary	Iran
Norway	Israel	Jordan
Qatar	Japan	Mexico
Saudi Arabia	Latvia	Morocco
Slovenia	Lithuania	South Africa
Sweden	Oman	Thailand
Switzerland	Panama	Ukraine
United Arab Emirates	Poland	Venezuela
United Kingdom	Puerto Rico	
United States	Romania	
	Slovak Republic	
	Spain	
	Uruguay	

Source: Global Entrepreneurship Monitor, 2023/2024 Global Report, 25 Years and Growing

The first group (level A) comprises countries with a GDP per capita of more than USD 50,000, including developed economies such as the United States, Germany and Switzerland. The second group (level B) consists of countries whose GDP per capita is between USD 25,000 and USD 50,000, including both developed countries such as Japan and Spain and developing countries such as Poland, Oman and Panama. The third group (level C) comprises countries with a GDP per capita of less than USD 25,000, including mainly developing countries and lower-income countries such as India, Morocco, Venezuela and Brazil.

Both the GSP and the NES are conducted annually in each participating country. The GEM teams provide policy makers with access to up-to-date information on entrepreneurship so that they can make informed decisions to promote the development of a successful and quality entrepreneurial environment in their countries. The data collected through these surveys is analysed with the aim of producing national and global reports that play a crucial role in shaping entrepreneurship policy and research.

1.1 Demographic and socio-economic profile of Ukrainian APS respondents in 2023

From August 8 to 30, a population survey was conducted among adults in Ukraine using the GEM methodology. As a result, 627 responses were collected.

The data show a relatively balanced distribution of participants in the Adult Population Survey (APS) by gender (48% men and 52% women) and age category (the largest group of respondents belongs to the 25-34 age group (25%), the smallest to the 18-24 age group (12%)) (Fig. 1.1). The distribution of participants across the regions is also fairly balanced: The largest proportion (29%) comes from the West region, the smallest from the South (12%) and from the Center (13%).

Personal profile of APS respondents

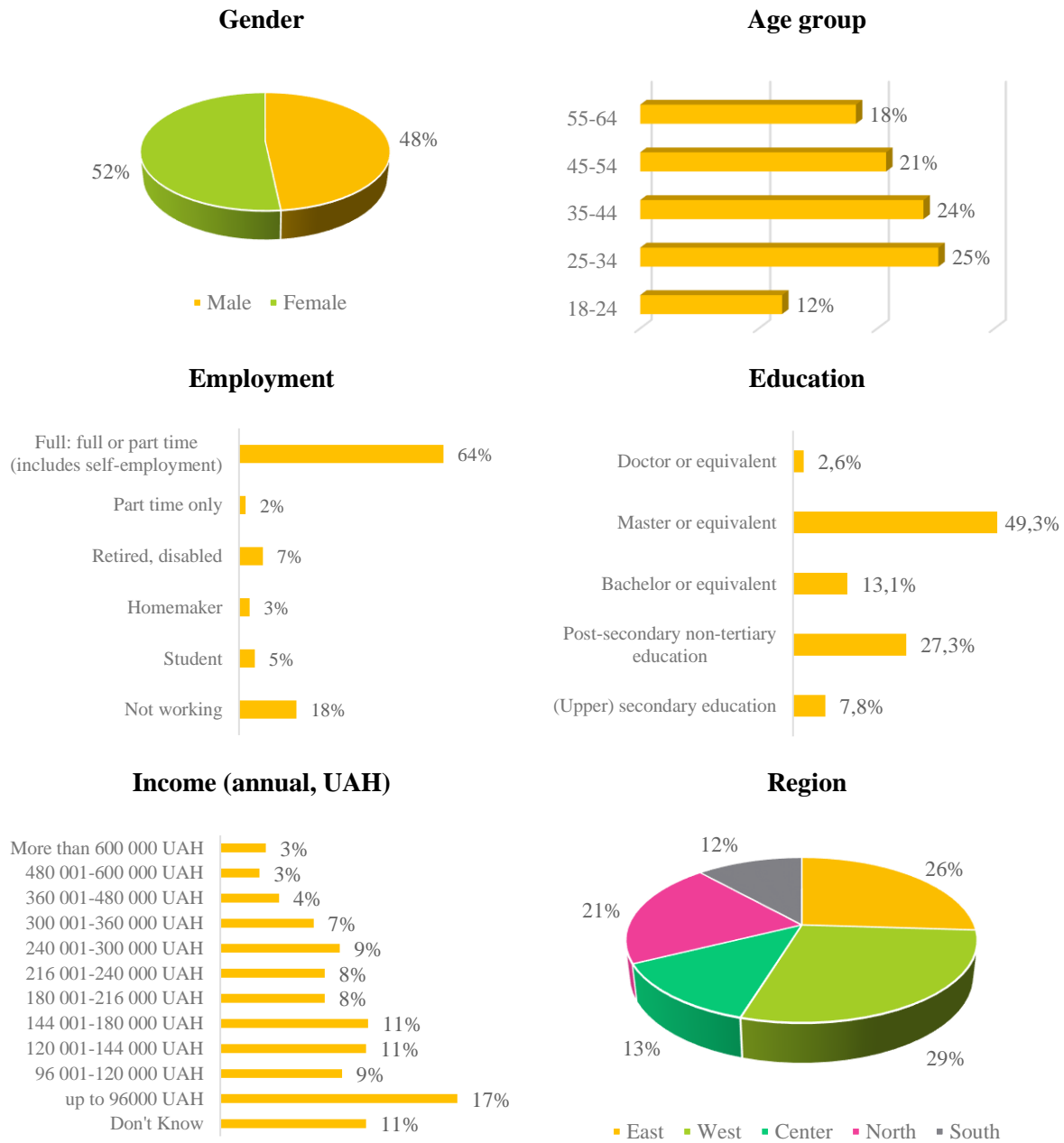


Fig. 1.1. Profile of respondents to the Adult Population Survey (APS)

Source: GEM Ukraine, 2023/2024

The vast majority of respondents are in full or part-time employment, including the self-employed, who make up 64% of survey participants. A smaller but significant proportion of respondents are currently unemployed – 18% - while others have a status such as “retired”, „housewife” or “student”.

The survey participants have a high level of education, with the majority holding a college degree: 49.3% have a Master's degree and 13.1% have a Bachelor's degree. A smaller proportion (2.6%) have the highest academic degree – a doctorate. The remainder, 35.1%, completed secondary education without obtaining a higher education qualification, including

27.3% with a post-secondary non-tertiary qualification and 7.8% with an upper secondary qualification.

The income distribution among the participants of the Adult Population Survey (APS) in Ukraine, which was conducted from August to September 2023, shows that the majority (17%) have an annual income of up to UAH 96,000, which corresponds to approximately USD 2,600 at an exchange rate of USD 1 = UAH 37. High salaries are rare among the respondents: only 3% earn more than 600,000 UAH per year, which corresponds to around 22,200 USD. A significant number of respondents (11%) were unable to provide information on their income or did not provide any information.

1.2 Profile of the Ukrainian NES participants at GEM 2023

In the 2023 iteration of the Ukrainian National Expert Survey (NES), participation was robust with 91 experts contributing. These respondents offered a well-rounded representation of the nation's entrepreneurial climate, with their expertise spanning nine crucial domains of the entrepreneurial environment, as depicted in Figure 1.2. This range of specializations ensures a thorough and multifaceted assessment of Ukraine's business landscape.

Personal profile of NES respondents

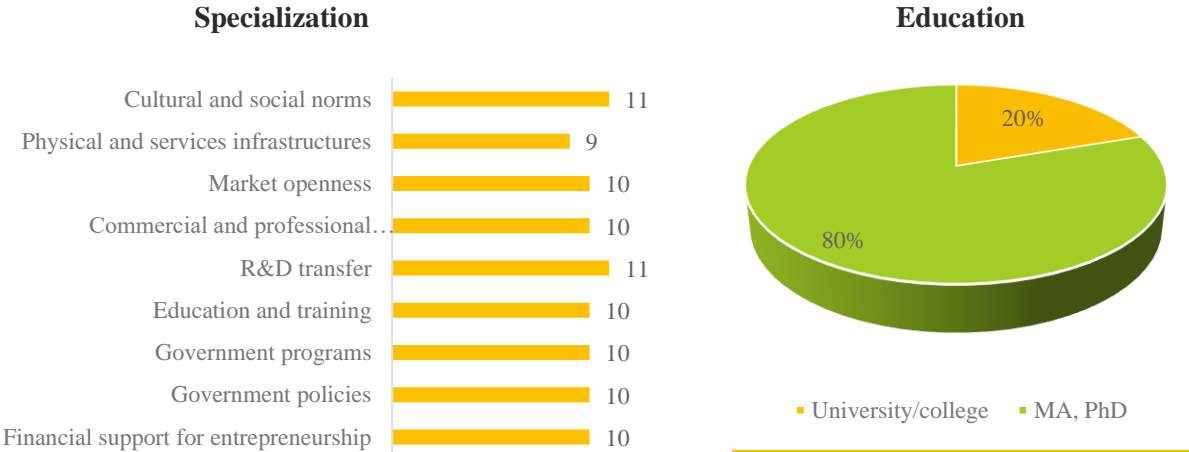


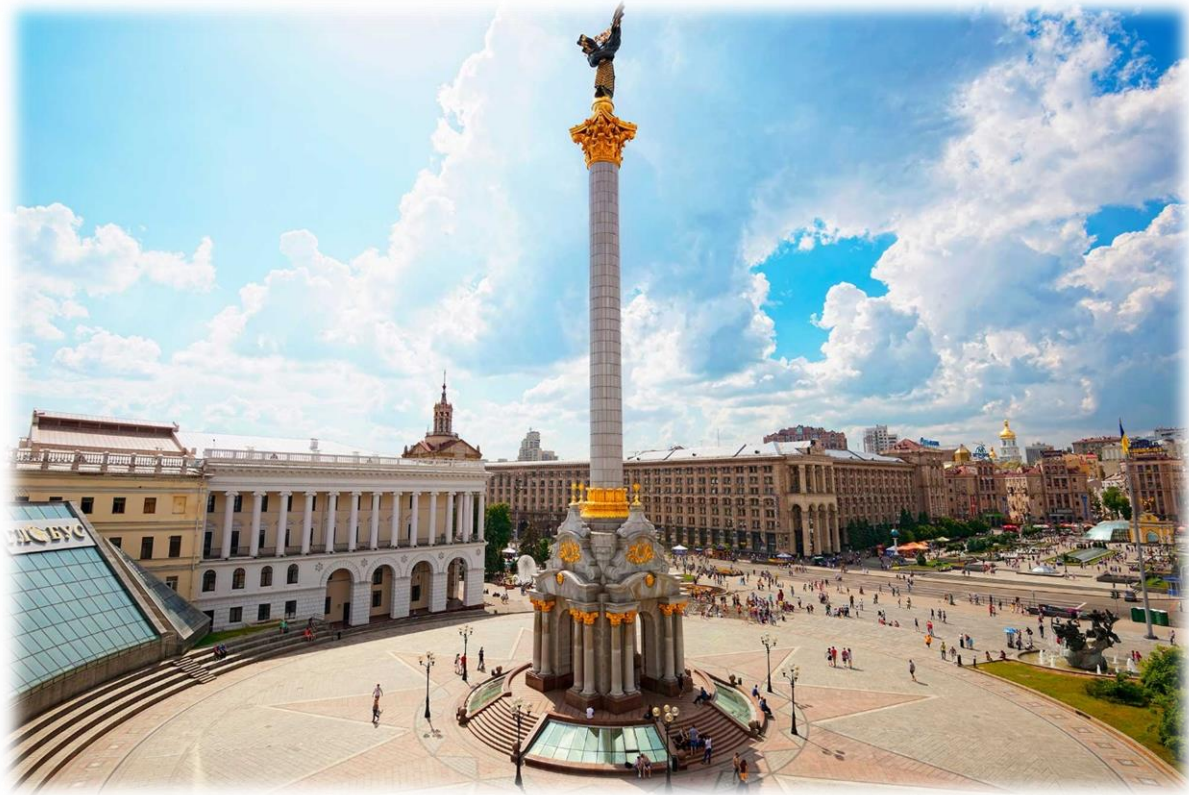
Fig. 1.2. Profile of respondents to the National Expert Survey (NES)

Source: GEM Ukraine, 2023/2024

The credentials of the NES participants were notably high-caliber, with 80% possessing at least a university degree, and a significant portion having attained a Master's or PhD. This level of academic achievement among the respondents underscores their comprehensive understanding and capability to provide detailed insights into entrepreneurial development in Ukraine.

The gender balance among NES respondents was balanced and included 48 male (53%) and 43 female (47%) experts, contributing to a gender perspective in the survey results. Such approximate equality is particularly notable in the field of entrepreneurship, where gender imbalance is common, and it adds a wide range of viewpoints to the survey.

The expertise and diverse backgrounds of this group are critical in shedding light on the complex web of factors that shape entrepreneurship in Ukraine, particularly during times of hardship, such as the ongoing war. The data and opinions collected from this informed body of experts are instrumental in understanding and enhancing the entrepreneurial framework within the country.



2. Overview of the economic situation

The Ukrainian economy has faced unprecedented challenges since the outbreak of the war in early 2022. Before the war, the economy was on a growth path with a stable increase in real GDP, reflecting a burgeoning corporate sector and promising business developments. However, the escalation of hostilities brought about a drastic change, leading to severe economic slumps and disruptions. The economic landscape for entrepreneurs became a place of volatility and unpredictability, where supply chains were disrupted and market stability undermined. However, amidst these challenges, 2023 is showing early signs of economic resilience and recovery, as explained in the following sections on GDP, inflation and government policy interventions to maintain and strengthen economic activity during these turbulent times.

2.1 GDP

Ukraine's real GDP data show an encouraging revival of the corporate sector after a period characterized by significant upheaval. Economic growth of 3.4% in 2021 provided a solid foundation for business start-ups and entrepreneurship growth (Fig. 2.1). However, the outbreak of war in 2022 reversed these gains and led to a steep 29.1% drop in GDP, presenting entrepreneurs with significant challenges such as business disruption and market volatility.

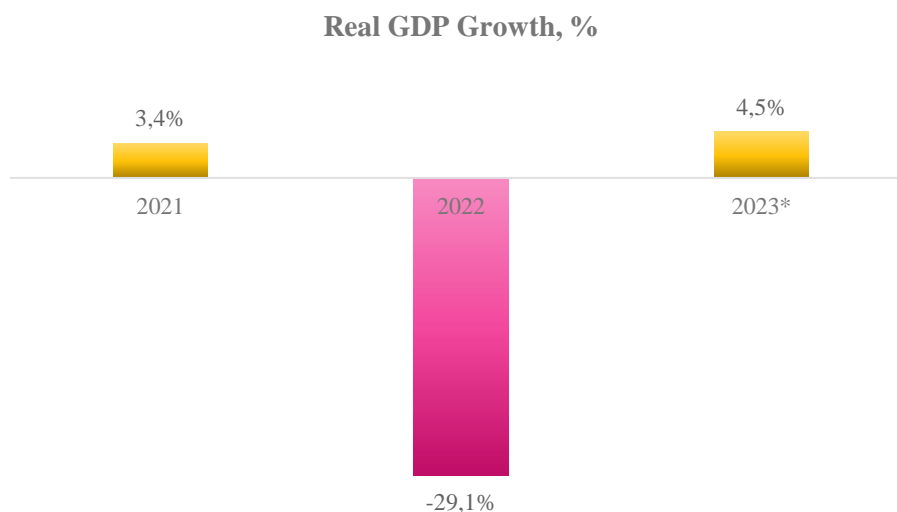


Fig. 2.1. Trends in Ukraine's real GDP growth from 2021 to 2023

Source: IMF Country Report No. 23/399

In striking contrast to the sharp downturn in 2022, 2023 saw a commendable recovery with a real increase in GDP of 4.5%. This real increase reflects the tenacity and resilience of the Ukrainian business community, demonstrating its ability to revitalize its operations amid ongoing challenges. Despite the growth in 2023, projections suggest that the economy could still be around 20% below pre-war levels by 2025, indicating a gradual path to full recovery. The turnaround in 2023 underlines the ingenuity and determination of Ukrainian entrepreneurs to lead the country's economic revival even in the most difficult times.

2.2 Inflation

The consumer price index (CPI) in Ukraine shows a significant and rapid increase after the start of the war on February 24, 2022. Before the escalation of the war, the CPI was 7.6 in the first quarter of 2022, which can be considered a moderate level of inflation (Fig. 2.2). However, as the war began to impact the economy, there was a sharp rise in the CPI, which reached 17.4 and 21.8 in the second and third quarters of 2022 respectively. At the end of 2022, the CPI peaked at 26.6, indicating strong inflation likely due to the impact of the war on supply chains, production capacity and economic stability.

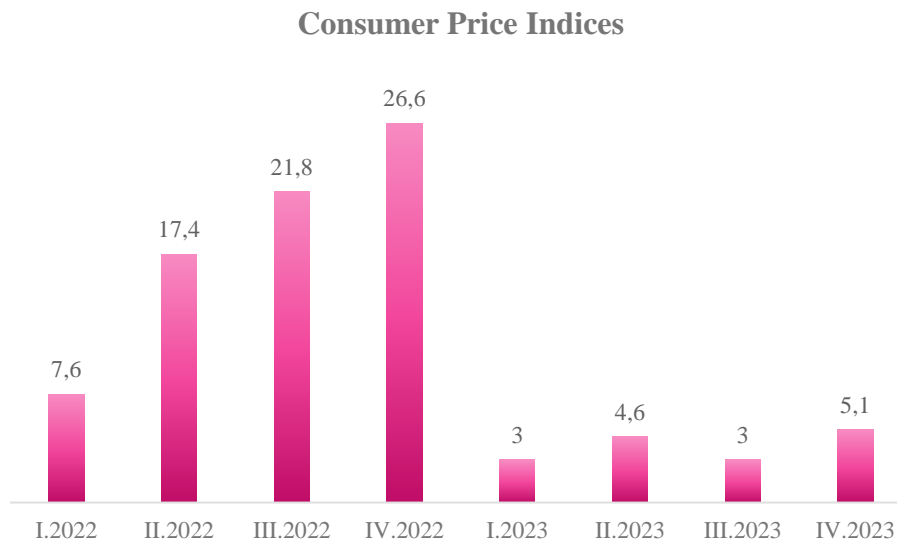


Fig. 2.2. Consumer price indices in Ukraine in the years 2022-2023

Source: National Bank of Ukraine (official website)¹

In 2023, the CPI shows a significant decline compared to the highs of the previous year, with the first quarter at 3, followed by a slight increase to 4.6 in the second quarter. A value of 3 was reached again in the third quarter and there was a slight increase to 5.1 in the fourth quarter. This pattern indicates that inflationary pressure has eased somewhat in 2023, but remains unstable and inflation rates fluctuate moderately over the course of the year. The overall trend for 2023 shows an attempt at stabilization and perhaps some success in economic measures to control inflation, but the situation remains dynamic and characterized by ongoing challenges.

High inflation poses challenges for entrepreneurs as it increases costs and creates economic uncertainty.

2.3 Foreign trade

Statistics on Ukraine's international trade in the midst of the war, especially in 2022, show a notable decline in exports and, to a lesser extent, imports. Exports fell from \$68.1bn in 2021 to \$44.1bn in 2022, a decline of 35%, and fell further to \$35.8bn by the end of 2023, a decline of 19% (Fig. 2.3). Imports also fell from USD 72.8 bn in 2021 to USD 55.3 bn in 2022, a decrease of 24%. Nevertheless, imports rose by 13% in 2023, reaching a level of USD 24.5 bn.

¹ National Bank of Ukraine, Macroeconomic Indicators. Retrieved from: <https://bank.gov.ua/en/statistic>

Export and Import (bln \$)

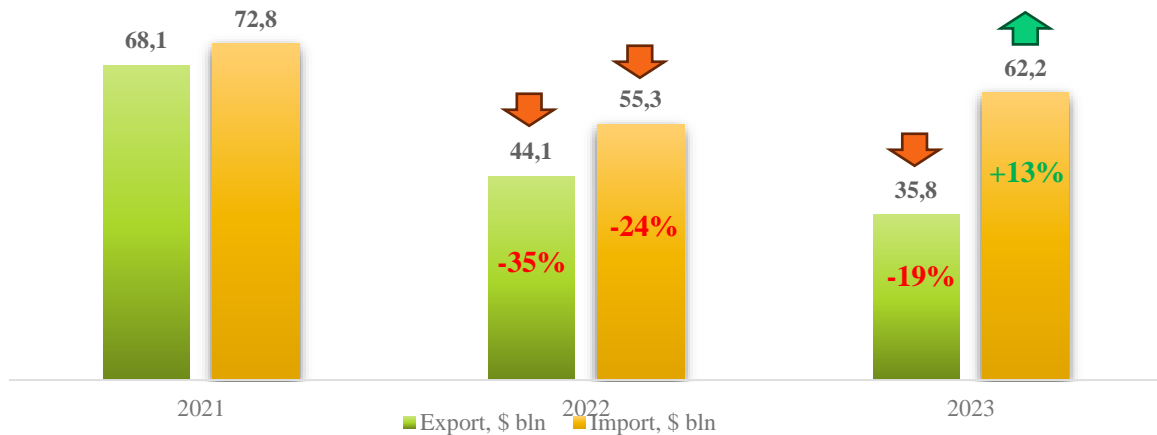


Fig. 2.3 Monetary values of exports and imports from 2021 to 2023

Source: Ministry of Economy of Ukraine²

These trends reflect the disruption to production, supply chains and market demand caused by the war. The decline in imports could be due to lower domestic consumption and lack of foreign exchange. The export problems are probably due to infrastructure damage, territorial losses and disrupted logistics. The overall impact of the war has led to a significant decline in Ukraine's foreign trade. The data underlines the need for economic adjustment and the search for new trading partners and routes. The resilience of Ukraine's trade sector is crucial for the country's economic recovery after the war.

2.4 Governmental policy

The Ukrainian government made several policy changes to support entrepreneurship during the war.

2.4.1 Affordable credit

The main initiatives include the modernization of the «Affordable Loans 5–7–9%» program to finance businesses in the occupied territories, the expansion of the scope of this program to include companies engaged in defense production and the energy sector, and the provision of bank loans of almost UAH 37 billion to agricultural enterprises. In addition, the government has revised tax registration procedures to simplify conditions for businesses, and the National Bank of Ukraine has eased currency restrictions to facilitate the transfer of funds abroad for external loans and credits. These measures are aimed at revitalizing businesses, preserving jobs and maintaining economic stability.

2.4.2 Business relocation program

The special business relocation program initiated by the Ukrainian Ministry of Economy aims to relocate businesses from war-affected areas to safer regions in Western Ukraine, taking into

² <https://me.gov.ua/Documents/List?lang=uk-UA&id=e8551533-1004-4210-9980-a3a50e134096&tag=InformatsiinoanalitichniMateriali>

account any business that decides to relocate in whole or in part. These efforts are primarily focused on the regions severely affected by the war. As part of the application process, companies must provide detailed information on their operational requirements. As far as government support is concerned, the relocated companies receive assistance with finding new locations, transportation, relocation of employees and logistical reconstruction, among other things. Remarkably, the program has successfully relocated 800 companies within a year of the war, most of which have resumed operations in their new location. It is expected that these companies will return to their original location after the war and play an important role in the economic reconstruction of their communities.

In 2023, Ukrainian businesses find themselves in a difficult economic environment characterized by significant threats and attempts to resume operations in relatively safe regions of the country. Despite a commendable GDP growth of 4.5% this year, indicating economic resilience, market activity remains more than 20% below pre-war levels. Inflation, while showing signs of stabilization, remains unpredictable and poses a risk of cost uncertainty and price volatility for entrepreneurs. The foreign trade sector has seen a significant decline in imports and exports, highlighting the crisis caused by the war and the need for adaptable trade strategies. In response to these challenges, the government has introduced support measures, including the "Affordable Credit 5–7–9%" program, which offers financial assistance, and a business relocation program to help businesses relocate to safer regions and maintain their operations.



3. Entrepreneurial Activity

The metric most commonly used in the GEM reports is total early stage entrepreneurial activity (TEA). Other important measures are nascent entrepreneurship, the prevalence rate of owners in new and established businesses, and the rate of people giving up their business.

3.1 Phases of entrepreneurial activity

For years, GEM has focused on the stage that encompasses the phase before the creation of a new business (nascent entrepreneurship) and the phase immediately after the creation of a new business (owner-leader of a new business). Taken together, this phase is referred to as “total early-stage entrepreneurial activity” (TEA) (see Fig. 3.1). Total early-stage entrepreneurial activity (TEA) rate: Percentage of the population aged between 18 and 64 who are either aspiring entrepreneurs or owners and managers of a new business.

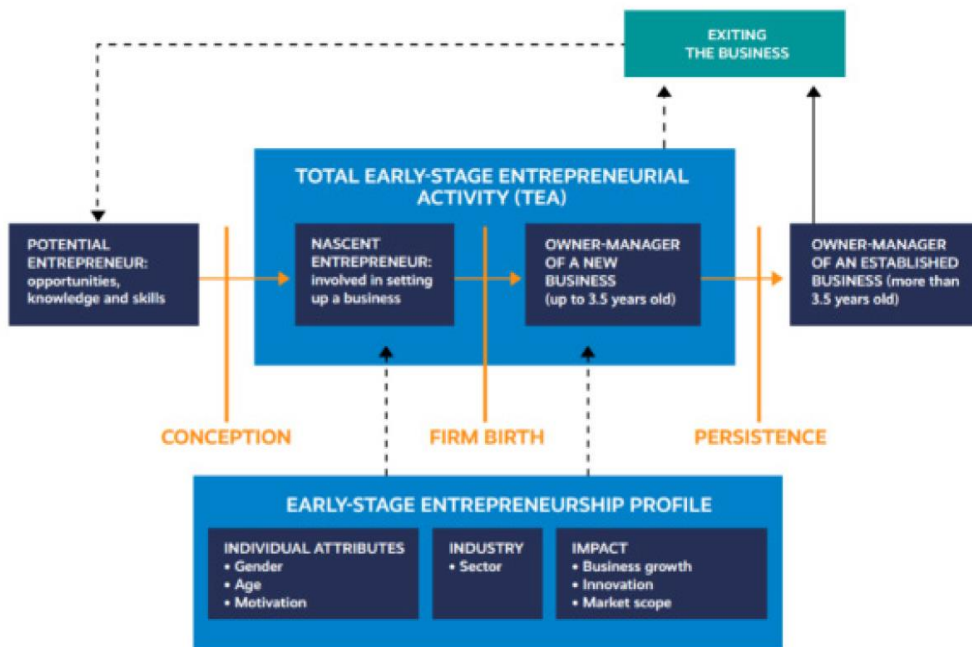


Fig. 3.1. Entrepreneurial phases and GEM entrepreneurship indicators

Source: Global Entrepreneurship Monitor 2022/2023 Global Report

The calculation of the TEA rate in Ukraine resulted in a value of 19,9%, which includes both people who start new business (nascent entrepreneurs) and those who run recently established businesses (owner-manager in a new firm) (Fig. 3.2).

A significant proportion of this rate, namely 14.4%, belongs to “nascent entrepreneurs”. The other 5.6% belongs to – “owner-managers in a new firm”. These data indicate an active entrepreneurial climate in Ukraine, with a significant number of people engaged in starting new businesses. The sizable share of nascent entrepreneurs may reflect a resilient entrepreneurial spirit among the population that persists even amidst the challenges of war.

Stages of Entrepreneurship in Ukraine (2023)

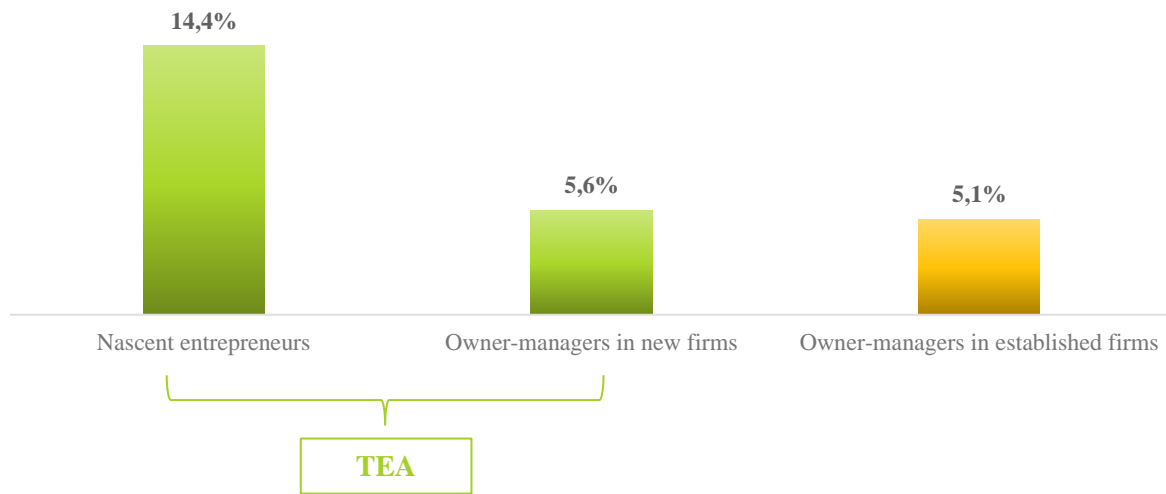


Fig. 3.2. Stages of Entrepreneurship in Ukraine (2023)

Source: Data derived from the Adult Population Survey (APS) carried out during the summer of 2023 in Ukraine, encompassing 627 participants

Nascent entrepreneurs

According to the GEM's definition, nascent entrepreneurs are those who are laying the foundations for a new business. These individuals have actively taken steps to start a business within the past year and have not yet reached the stage where the business pays salaries or other payments to the owners for more than three months. The APS, with 627 responses, shows that an impressive 14.4% of Ukraine's adult population is at this initial stage of entrepreneurship.

Owner-managers of new firms

Based on the GEM's definition, owner-managers in new firms are those who currently run and own a business that has been in operation for more than three months, but no longer than 42 months, and financially compensates its owners. The Adult Population Survey shows that 5.6% of respondents fall into this category of owner-managers. This figure indicates a robust segment of newly founded companies that have successfully left their initial phase behind them.

Owner-managers in established firms

GEM defines owner-managers of established firms as individuals who both own and manage a business that has been operational for more than 42 months and provides salaries or other forms of payment. In the 2023 context of Ukraine, these seasoned business owners constitute 5.1% of the responses gathered in the APS.

3.2 Regional aspect

When discussing the entrepreneurial ecosystem in Ukraine in 2023, it is important to recognize that the war has affected different regions unevenly. In particular, certain regions

were heavily conquered by Russian troops, resulting in significant damage to infrastructure and numerous casualties. Luhansk, Kharkiv, Donetsk and Zaporizhia are among the hardest hit regions, located in the east and south of Ukraine. In contrast, the western regions of Ukraine, including Lviv and Zakarpattia, have not experienced direct ground fighting by Russian troops. Moreover, these western regions have become a refuge for the resettlement of numerous businesses from the war-torn eastern and southern regions.

The attached map (Fig. 3.3) is a visual representation of war-related territorial control in Ukraine, with certain color codes indicating the different statuses as of March 1, 2023. Here is an analysis based on the color coding and regions:

South and East: these regions are largely marked in red, indicating areas occupied by Russian troops. Proximity to the frontline, ongoing shelling and significant human casualties have caused devastation, so people have been evacuated and moved to safer areas.

Center and North: these areas include Kyiv, the capital of Ukraine, which had around 3 million inhabitants before the war and are the most economically developed regions. They were also attacked and some captured by Russian troops, but were liberated at the end of April 2022.

West: the western part was not directly affected by the territorial changes caused by the war. It has also become a destination for the settlement of many companies from the eastern and southern parts of Ukraine.

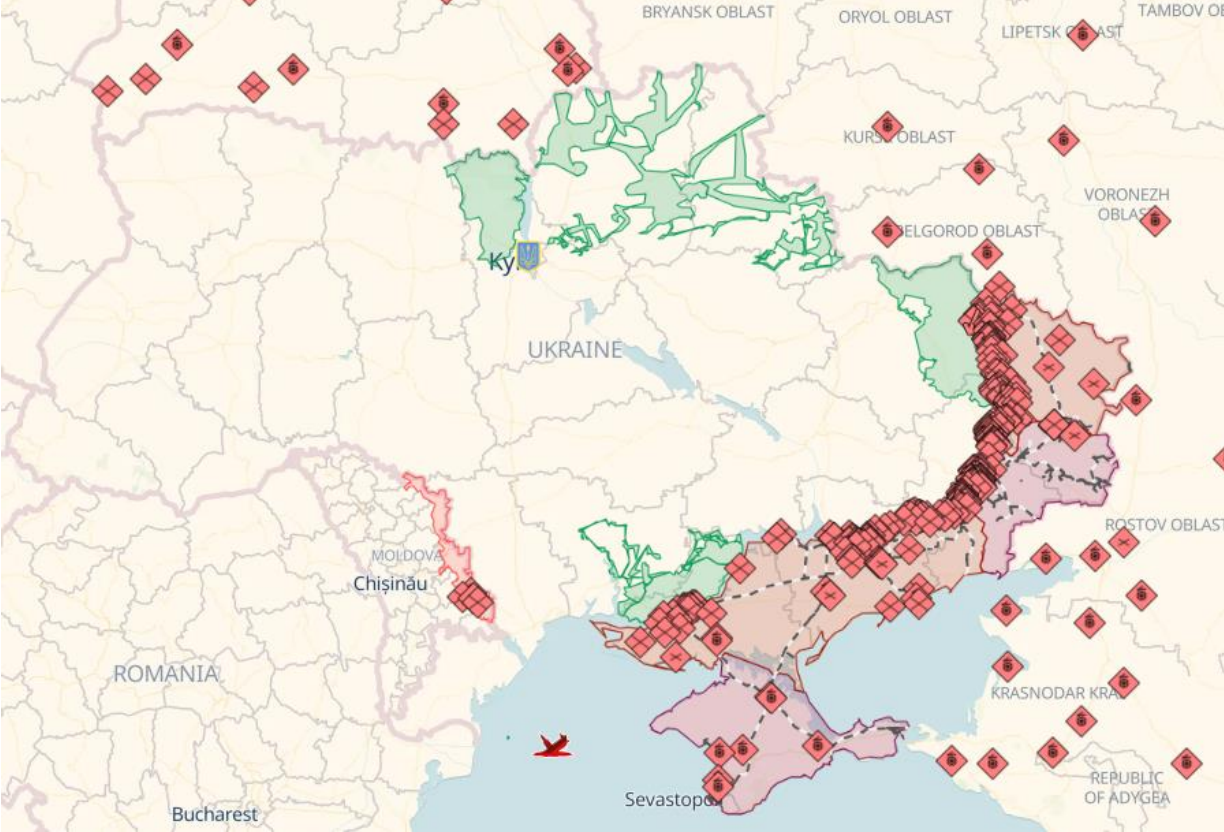


Fig. 3.3. Map of the war in Ukraine (as of 26.02.2024)

Source: [DeepStateMAP](#)

The graph below (Fig. 3.4) shows the total early stage entrepreneurial activity (TEA) in Ukraine by region for 2023. This is valuable to understand how entrepreneurial activity is distributed during the war, but without pre-war data for comparison.

TEA by Region

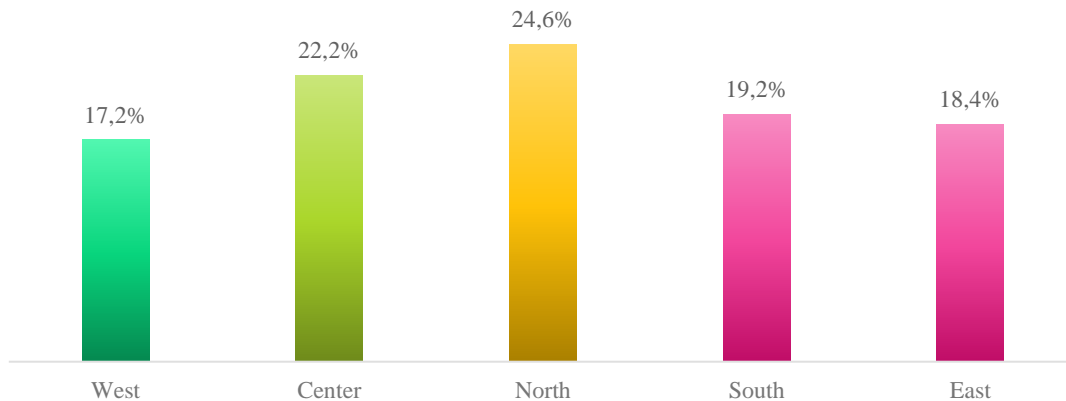


Fig. 3.4. Distribution of TEA by region, 2023

Source: GEM Ukraine, 2023/2024

South and East (19.2% and 18.4% respectively):

Entrepreneurial activity in the southern and eastern regions of Ukraine, which are known for their significant industrial and tourism value, especially in the southern coastal regions, is lower than in the central and northern regions. Although the current TEA percentages do not indicate a sharp decline, they must be viewed against the background of a lack of comparative data from previous years. Nonetheless, these figures indicate continued business resilience, with business activity still present despite the difficult circumstances brought about by the war.

Center and North (22.2% and 24.6% respectively):

The central and northern regions, encompassing the capital Kyiv, display relatively high TEA rates. These numbers may be attributed to the central region's well-developed economic infrastructure, the migration of entrepreneurs from conflict-affected areas, and the earlier end to hostilities that enabled business activities to resume. While these elevated percentages suggest a strong resilience, they may not provide a complete picture of the entrepreneurial climate due to the absence of pre-war data. This lack of historical context is crucial, as many individuals have left the country or the region, leading to a potential cessation of business operations that is not reflected in the current TEA rates.

West (17.2%):

The western region of Ukraine has the lowest TEA share, despite being the least affected by the war in terms of direct military action. This may seem counterintuitive, but could be due to the region's focus on supporting the influx of displaced people and businesses from the war-torn east and south. The priority may have been to provide stability and integrate these businesses into the local economy, which may have temporarily diverted the focus away from creating new entrepreneurial projects.

3.3 Motivation

The entrepreneurial motivations of Ukrainian entrepreneurs in 2023 are diverse, with the need to “earn a living because jobs are scarce” being the main driver, as indicated by 75.2% of entrepreneurs (Fig. 3.5), likely reflecting the impact of scarce employment opportunities, potentially exacerbated by the ongoing war.

A significant number, 55.6%, are also motivated by the ambition to “build great wealth or earn a very high income”, suggesting a strong profit-driven entrepreneurship.

The desire to “make a difference in the world” motivates 31.6%, indicating strong social entrepreneurship.

The motivation to maintain a family tradition concerns 21.1% of respondents, indicating that family and generational heritage retains some importance in the decision to become an entrepreneur.

This diversity of motivations shows a mix of entrepreneurship driven by necessity and entrepreneurship inspired by opportunity, all against the backdrop of a challenging economic climate.

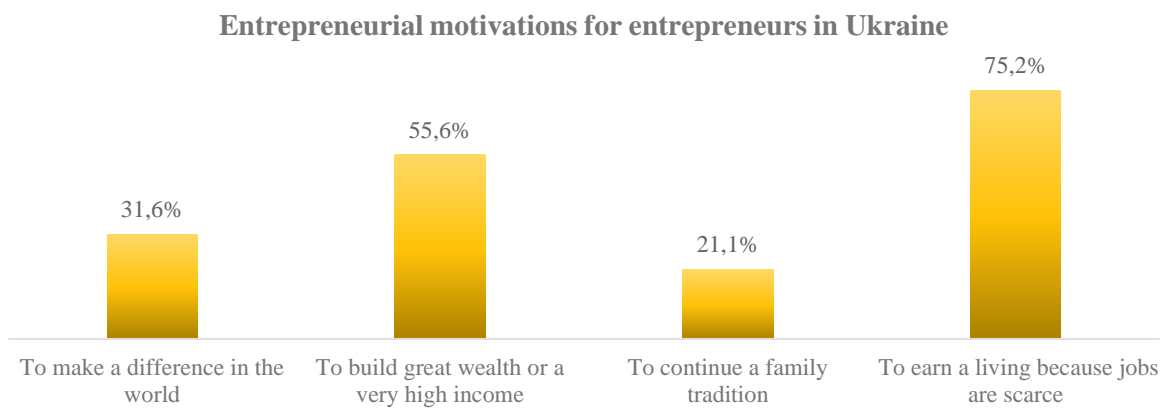


Fig. 3.5. Entrepreneurial motivations for entrepreneurs in Ukraine, 2023

Source: GEM Ukraine, 2023/2024

3.4 Exits and closures

Of the respondents to the Adult Population Survey in Ukraine for 2023, 13.6% stated that they had given up their business within the last year.

The most commonly cited reason for going out of business was lack of profitability, with 16.5% of respondents stating that “the business was not profitable”, as shown in Figure 3.6. Financial difficulties, including “problems with finance”, was the second most frequently cited reason, with 15.3% of respondents citing this.

“Family or personal reasons” also played an important role at 14.1%. For 10.6% of respondents, government policy, taxes and bureaucracy posed a major challenge. An equal percentage of respondents, 8.2%, had the option of selling their business, while a further 8.2% left their business to look for another job, for unspecified reasons or due to the impact of the coronavirus pandemic.

Supply problems were cited by 3.5%, and a small proportion of 2.4% did not give a reason or withdrew. Only 1.2% left their company to pursue another business opportunity. This data

highlights the multiple hurdles Ukrainian entrepreneurs are facing, compounded by economic and political factors as well as the ongoing impact of the pandemic against a backdrop of war-related uncertainty.

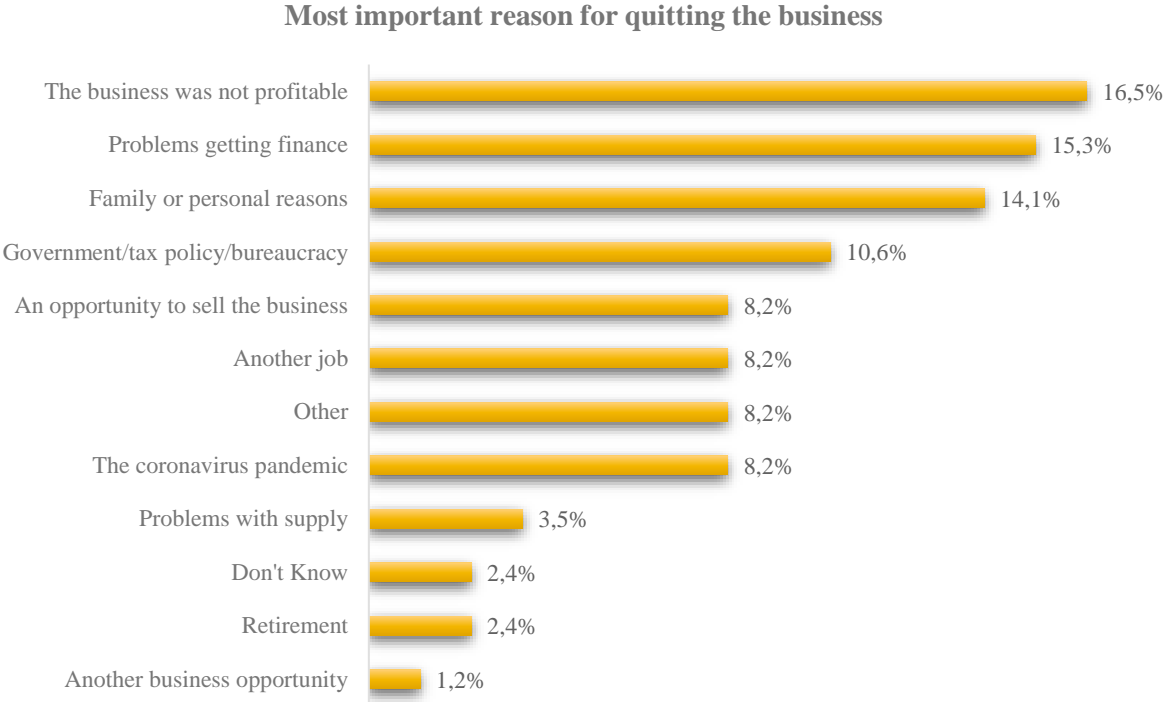


Fig. 3.6. Primary reasons for business discontinuation in Ukraine, 2023

Source: GEM Ukraine, 2023/2024

3.5 Educational level

GEM categorizes individuals engaged in entrepreneurial and business activities into four educational levels:

- Under-secondary education (the respondent has not completed secondary education)
- Secondary education (the respondent has obtained a Certificate of Complete General Secondary Education)
- Post-secondary education (the respondent has earned a vocational or college degree)
- Graduate education (the respondent holds a post-graduate diploma, bachelor's or master's degree, or doctorate degree)

The analysis of the level of education of the entrepreneurs shows that all of them have at least a secondary education (Fig. 3.7). Entrepreneurs with higher education experience (Grad EXP degree) dominate in all categories, with a slight decrease in percentages from nascent entrepreneurs (63.3%) to owner-managers in established firms (62.5%). This suggests that higher levels of education prevail among Ukrainian entrepreneurs regardless of the stage of development of their business, which may indicate that those with higher levels of education are more inclined to engage in entrepreneurial activity or may have better access to the resources needed to start and maintain a business.

Post-secondary education ranks as the next most prevalent level, experiencing a significant rise from the nascent entrepreneurial stage (28.9%) to the new entrepreneurial stage (37.1%), and further to the established entrepreneurial stage (37.5%). This indicates that entrepreneurs

with this level of education play a crucial role in the business landscape, with their representation marginally increasing as businesses progress and stabilize.

Entrepreneurs possessing only secondary education represent the smallest group across all stages of business development, peaking at 7.8% within the nascent category. The lack of respondents with solely secondary education among owner-managers of new or established firms suggests that individuals with secondary education may be less equipped to sustain business operations in the long term or transition to a new business compared to their counterparts with higher education.

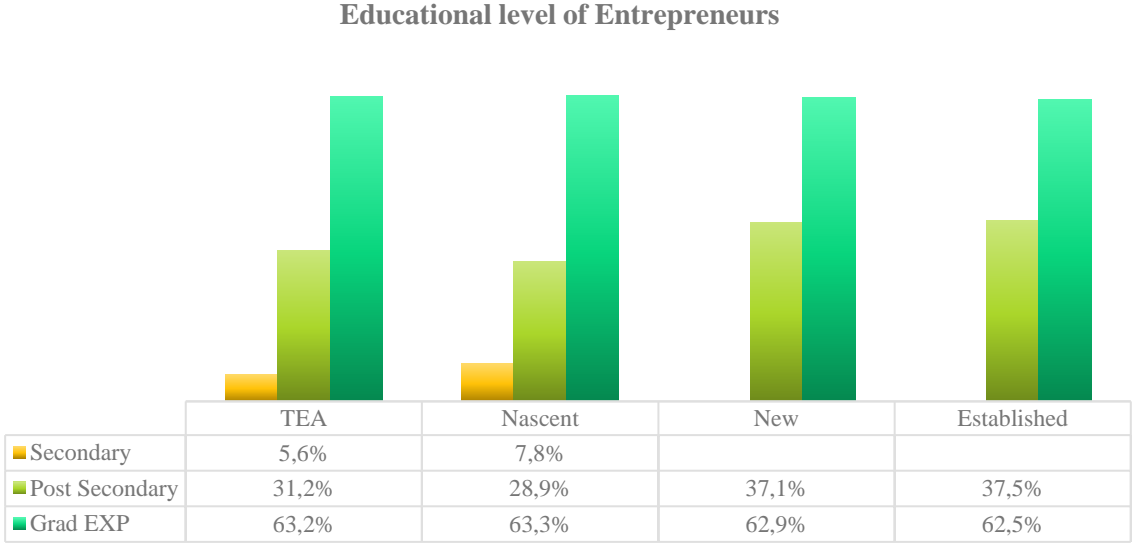


Fig. 3.7. Educational level: distributions by stage of entrepreneurial development, 2023

Source: GEM Ukraine, 2023/2024

Overall, the data indicate a strong correlation between higher education and entrepreneurial activity in Ukraine, with higher levels of education possibly providing a better basis for starting and sustaining a business. The trend across all stages suggests that the majority of entrepreneurs in the stages from starting to establishing a business have a college degree, which may bring advantages in terms of business acumen, access to networks and resource mobilization.

3.6 Gender

The adult population survey data also provide an opportunity to examine very important parameters of gender participation at different stages of the entrepreneurial process in Ukraine from 2023 (Fig. 3.8).

Starting with entrepreneurial intentions, we see an almost even balance between men and women, with women slightly in the lead. However, this parity in ambition is not fully reflected in action, as shown by the total entrepreneurial activity in the early stage (TEA), where men outperform women by 4%. The inequality becomes even more pronounced in the established phase, with male involvement more than double that of women. This suggests that women face more obstacles on the path from starting a business to establishing it.

As businesses develop or fail, the data shows that men have a higher closure rate at 10%, indicating potentially riskier ventures or a quicker decision to close underperforming

businesses. When it comes to exiting a business, men are again ahead at 2%, which could indicate a greater willingness to take advantage of new opportunities or accept the outcomes of ventures.

Looking at the general trend for both genders, from the initial intention to engage in entrepreneurship to starting a “new firm” to growing an “established firm”, there is a clear decline in participation for both men and women, with the decline being more pronounced among female participants. This decline highlights the significant challenges individuals face when moving from the conceptual phase to actually starting a business and then maintaining it in the long term. The data on business closures and exits generally shows a natural decline that is consistent with the expected life cycle of a business.

Stages of the entrepreneurial process in Ukraine by gender

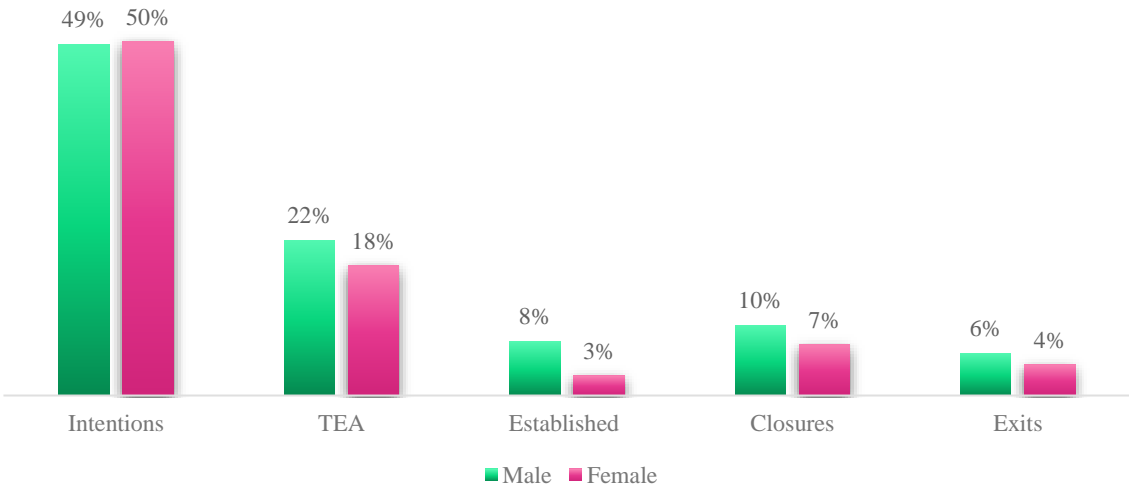


Fig. 3.8. Stages of the entrepreneurial process in Ukraine by gender, 2023

Source: GEM Ukraine, 2023/2024

In summary, it can be deduced from the APS data that although there is a high level of interest and intention to engage in entrepreneurial activity among both genders in Ukraine, actual entrepreneurial engagement decreases significantly at each subsequent stage, with women being significantly less represented in the advanced stages. The path to entrepreneurship is thus characterized by an ever-decreasing number of participants, which decreases significantly from one phase to the next, with the gender-specific differences becoming increasingly clear as the journey progresses.

3.7 Income

GEM analyzes stages of entrepreneurial process based on their income level, dividing them into three categories: the lower 33rd percentile, the middle 33rd percentile, and the upper 33rd percentile.

Distribution of income depending on the stage

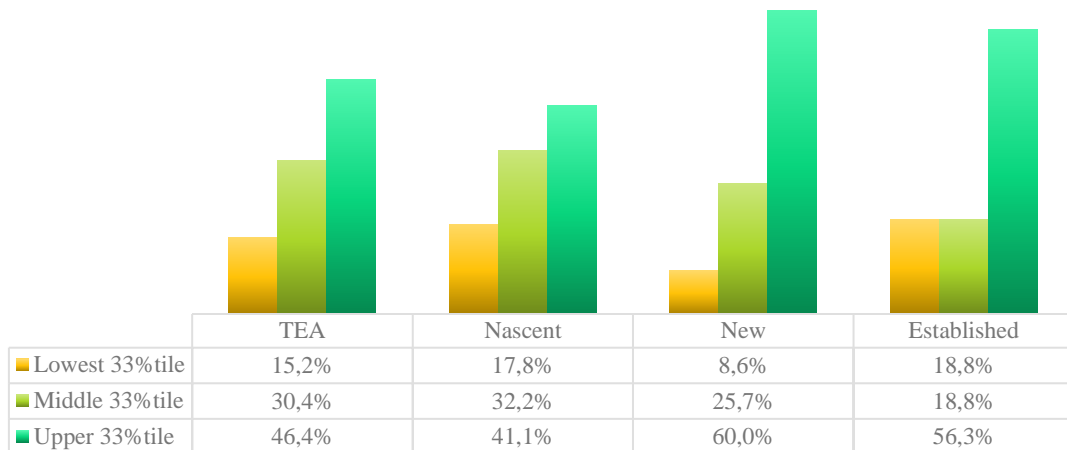


Fig. 3.9. Income distributions by stage of entrepreneurial process, 2023

Source: GEM Ukraine, 2023/2024

In Ukraine, the distribution of income among entrepreneurs at different stages of entrepreneurship varies considerably. Among early-stage entrepreneurs (TEA), 46.4 % are in the highest income bracket, 30.4 % in the middle income bracket and 15.2 % in the lowest income bracket, as shown in Figure 3.9. Nascent entrepreneurs have greater financial hurdles to overcome, with 17.8 % falling into the lowest income category. However, financial conditions improve significantly as companies enter the "new firm" phase. An impressive 60% reach the highest income category, the highest proportion of all phases. For established entrepreneurs, the income distribution is more balanced, with 18.8% falling into both the lowest and middle income brackets and an impressive 56.3% in the highest income bracket. This suggests that while new firms may experience high income, established businesses face a variety of challenges and have a wider range of financial outcomes. The data illustrates how financial success evolves over the course of the entrepreneurial process in Ukraine.

Overall, the pattern of income distribution suggests that the opportunity to earn a higher income increases significantly as entrepreneurs in Ukraine move from the nascent stage to the new firm stage. However, income levels among established businesses are more evenly distributed, highlighting the complexity of maintaining business success over time.

In 2023, Ukraine had a TEA (Total Early-stage Entrepreneurial Activity) rate of 19.9%, demonstrating robust entrepreneurial dynamism. Of these entrepreneurs, 14.4% were nascent and persevered despite the challenges of the war. The uneven impact of the war is evident. The eastern and southern regions, which used to thrive with industrial and tourism businesses, have suffered greatly, while the western regions have provided refuge for displaced businesses. The highest TEA rates are observed in the central and northern regions, and the lowest in the west, which testifies to the entrepreneurial determination to overcome war-related obstacles. Entrepreneurial motivation in Ukraine is predominantly driven by necessity: 75.2% of respondents want to "earn a living because jobs are scarce." But, there's also a notable ambition for wealth, with 55.6% aiming to "build great wealth or earn a very high income," and a desire for social impact, with 31.6% wanting to "make a difference in the world." Despite this, 16.5% of businesses give up, mainly due to lack of profitability (16.5%) and "problems getting finance" (15.3%). The high level of education of Ukrainian entrepreneurs indicates that their businesses are often based on a sound education. Although women initially show a strong entrepreneurial interest, their further participation decreases, indicating systemic barriers in later stages of entrepreneurship. Finally, Ukrainian entrepreneurs typically experience an increase in income from the nascent stage to the "new firm" stage, but income among established businesses is more evenly distributed, underscoring the complexities of sustaining business success over the long term.



4. Impact Characteristics

4.1 Industry breakdown

In the Ukrainian business landscape, while the *consumer-oriented* sector (Fig. 4.1) is dominant in both stages — 53.6% in TEA and 46.9% in established companies — it decreases as companies mature, possibly due to market saturation or diversification into B2B services. This shift in sector preference as companies grow suggests a market that emphasizes immediate consumer needs in the early stages, while transitioning to sectors with greater potential for scale and long-term sustainability as they mature.

Early-stage companies are more active in the *extractive* industry, accounting for 10.4% of TEA participants, indicating initial opportunities despite potential long-term operational challenges. However, this sector has seen a decline in segment of established businesses to 6.3%, which could be due to issues related to growth and environmental regulations.

The *transforming sector*, which includes manufacturing, grows from a modest 15.2% in the early stages to a remarkable 28.1% for established companies, indicating scalability and greater entrenchment over time. *Business services* are relatively stable across stages, with a slight increase from 16.8% in TEA to 18.8% in established companies, highlighting the sector's consistent supportive role in business growth.

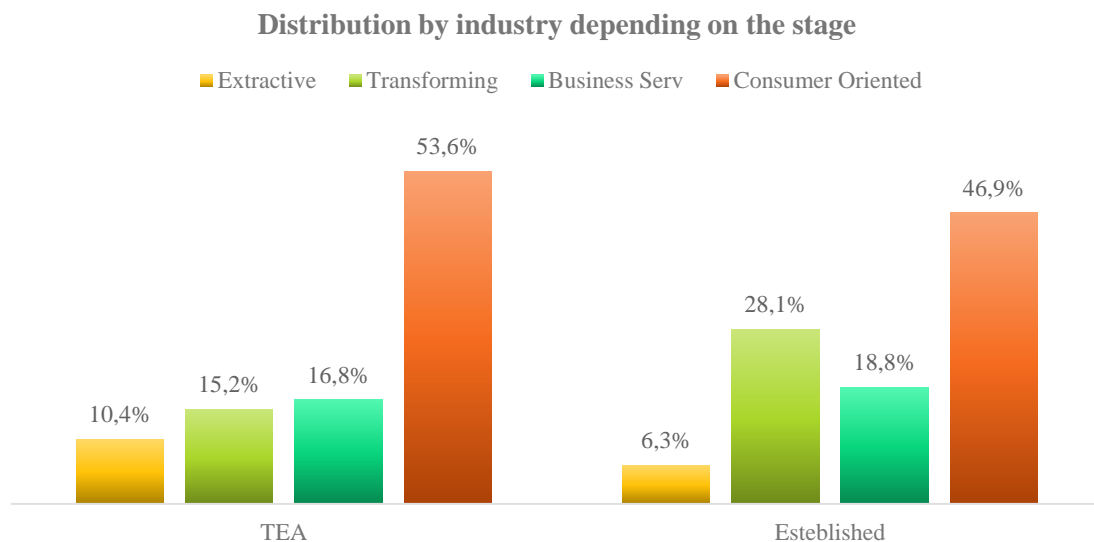


Fig. 4.1. Industry classification across different stages of entrepreneurial development

Source: GEM Ukraine, 2023/2024

4.2 Market scope

In Ukraine, for both Total Early-Stage Entrepreneurs (TEAs) and established firms, the proportion of the local market served remains steady at 22%. This indicates that a consistent portion of both new and established businesses is dedicated to catering to the local customer base (Fig. 4.2).

However, there is a notable difference in national market reach, with 42% of TEA companies operating at a national level compared to 56% of established firms. This suggests that companies that are growing and stabilizing tend to expand their market reach within the country.

When it comes to international markets, 30% of TEA companies are involved in international trade, while only 22% of established companies have an international market. This could indicate that newer companies are more likely to pursue opportunities abroad or that they were founded with an international focus from the outset. Conversely, the lower percentage for established companies could reflect a consolidation of market strategy, focusing more on national markets, or the challenges associated with maintaining a presence in the international market over time.

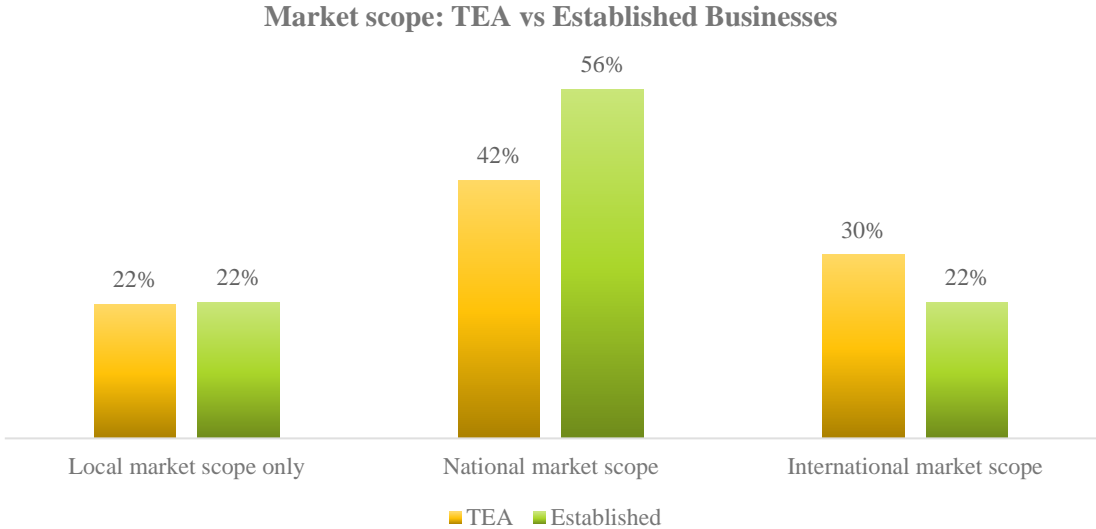


Fig. 4.2. Market scope: TEA vs Established Businesses

Source: GEM Ukraine, 2023/2024

Overall, the data shows that established companies in Ukraine tend to expand on a national level, while TEA companies are more present on international markets, while the local market remains a constant focus.

4.3 Scope of innovation and scope of new technologies and processes

The APS data on the proportion of adults starting businesses with new products or services in Ukraine shows that the vast majority, 81%, are not introducing new products or services (Fig. 4.3). This suggests that most new business activities in Ukraine might be centered around existing market offerings, indicating either a preference for entering established markets or potential barriers to innovation.

On the other hand, a small but significant proportion of new enterprises, 14%, are offering new products or services locally. This indicates that there is some level of innovation and differentiation at the local market level, which could be driven by entrepreneurs identifying unique gaps or needs within their immediate communities.

Nationally, only 2% of adults are starting businesses with new products or services, pointing to a much lower rate of innovation that scales beyond local markets. This could reflect the challenges of penetrating the national market with new ideas or suggest that the market conditions are more conducive to local rather than national innovations.

Adults starting business with new products or service

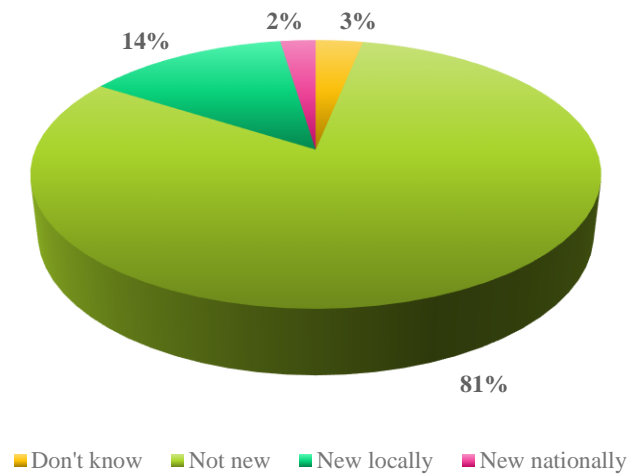


Fig. 4.3. Percentage of Ukrainian adults initiating businesses with new products or services

Source: GEM Ukraine, 2023/2024

Overall, the data suggests that while there is a degree of innovation in the Ukrainian business landscape, most new companies tend to play it safe with proven market offerings, especially when it comes to expanding beyond local regions. The low percentage of new products or services at a national level highlights the opportunities that policy makers and incubators have to encourage and support innovation with a wider reach.

The situation is similar for the introduction of new technologies. In Ukraine, 71% of entrepreneurs do not introduce new technologies or processes, suggesting a preference for tried and tested business approaches (Fig. 4.4).

Adults implementing new technologies and processes in Ukraine

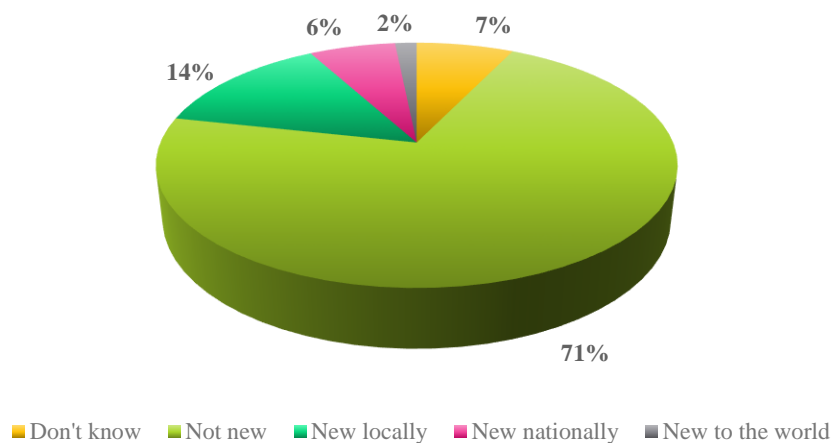


Fig. 4.4. Percentage of Ukrainian entrepreneurs implementing new technologies and processes

Source: GEM Ukraine, 2023/2024

Nevertheless, there is a noticeable drive to innovate at the local level: 14% of entrepreneurs offer new products or services in their local markets. This local innovation drops to 6% at a

national level, indicating potential challenges in spreading innovative ideas across the country. Globally, only a small proportion, 2%, of Ukrainian entrepreneurs create offerings that are new to the world, indicating the rarity and complexity of such innovations. Overall, the data paints a picture of a Ukrainian entrepreneurial sector that is cautiously innovative, with a few taking the lead in significant technological and process advances.

In the industrial sector, the consumer-oriented segment is leading among both early-stage and established companies. Early-stage companies are most active in the extractive industry, indicating initial opportunities that may later face challenges related to growth and environmental regulations. In contrast, the transforming sector, which includes manufacturing, shows significant growth among established companies, indicating scalability and sustainability over time. Business services are relatively stable across all stages, with a slight increase observed in established companies, highlighting their role in supporting business growth. In terms of market scope, both Total Early-Stage Entrepreneurs (TEAs) and established firms consistently cover 22% of the local market, demonstrating a steady commitment to local customers. However, established firms have a greater reach into the national market than TEA companies, suggesting that growth and stabilization often lead to an expanded national market presence. On the international front, TEA companies are more active, possibly indicating an initial global focus or a strategic pivot by established firms towards consolidating their market strategy at a national level. In terms of innovation, most new companies are choosing to enter established markets rather than launch new products or services, indicating a cautious approach to innovation. However, there is some innovation at a local level that is clearly diminishing at a national and global level, highlighting the challenges of scaling innovation.



5. Societal attitudes, affiliations and self-perceptions

5.1 Societal attitudes

The APS data on social attitudes towards entrepreneurship in Ukraine by gender for the year 2023 (Fig. 5.1) show different perceptions between men and women.

Women see entrepreneurship as a more desirable career choice than men. 47% of women are in favor of it, compared to 37% of men. This could suggest that women see more potential or value in entrepreneurial endeavors or feel more encouraged to pursue them.

In terms of prestige, 43% of women associate high status with entrepreneurship compared to 33% of men, suggesting that women see a stronger link between entrepreneurship and social status.

Media attention appears to have a greater influence on women, with 40% admitting this compared to only 29% of men. This difference could reflect the influence of media coverage on women's perceptions of entrepreneurship or greater visibility of female entrepreneurs in the media.

Interestingly, more men (28%) than women (24%) believe that starting a business is easy. This could indicate that men perceive fewer barriers to entering entrepreneurship or have more confidence in the process.

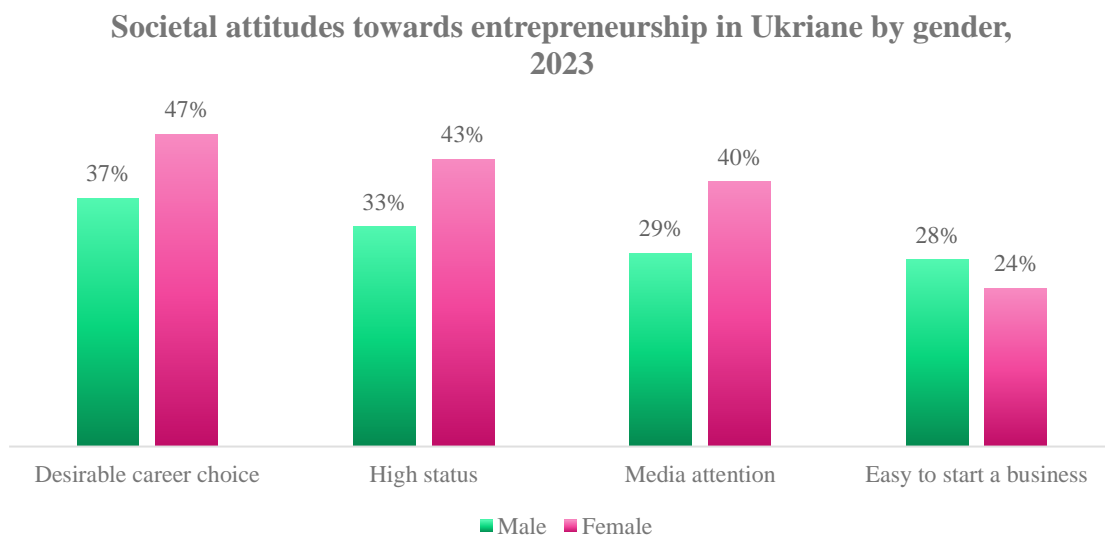


Fig. 5.1. Societal attitudes towards entrepreneurship in Ukraine by gender, 2023

Source: GEM Ukraine, 2023/2024

Overall, the data suggest that women in Ukraine are more positive about the attractiveness and status associated with entrepreneurship, while men are slightly more optimistic about the ease of starting a business. The higher percentage of women attracting media attention also points to the potential influence of the media in shaping societal attitudes towards entrepreneurship.

5.2 Affiliations and self-perceptions

The APS data on self-perception of entrepreneurship in Ukraine by gender in the context of the ongoing war in 2023 shows gender differences in entrepreneurial confidence and risk assessment (Fig. 5.2).

Men show greater confidence in their entrepreneurial abilities. 43% believe they have the necessary skills to start a new business, compared to 33% of women. This could indicate that men feel more prepared to engage in entrepreneurial activities despite the challenges of war.

Women, on the other hand, are more optimistic that they will find business opportunities in their region in the next six months. 25% of women are of this opinion, compared to 20.46% of men. This optimism may reflect resilience and an adaptation to the changing economic situation caused by the war.

However, the fear of failure in starting a business affects a considerable number of women (57%) more than men (38%). War could exacerbate this fear, as the risks and uncertainties associated with entrepreneurship are likely to be even greater in a war environment.

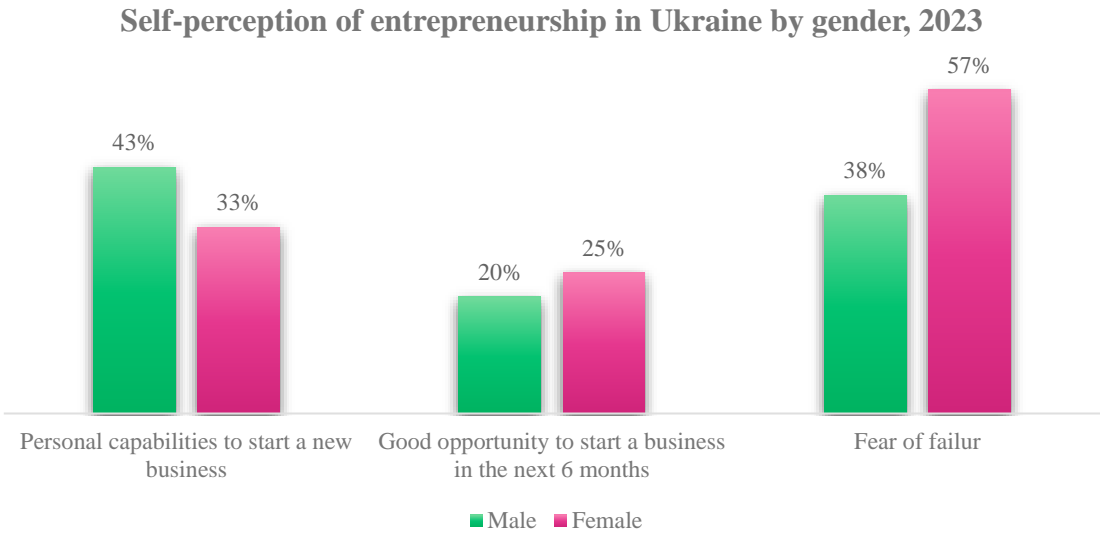


Fig. 5.2. Self-perception of entrepreneurship in Ukraine by gender, 2023

Source: GEM Ukraine, 2023/2024

To summarize, men in Ukraine are more confident in their entrepreneurial qualifications, while women are more focused on immediate opportunities but also more fearful of the risks, especially in a war-torn economy. These findings suggest that amidst the uncertainties of war, there is a need for improved support systems and resources tailored to address gender barriers and promote entrepreneurship as a viable path to economic resilience.

In Ukraine, societal attitudes towards entrepreneurship in 2023 reveal gender differences in perception, with women viewing entrepreneurship more favorably as a career choice and associating it with higher status, while men are more likely to consider starting a business as an easy process. This suggests women recognize the value in entrepreneurship and may be influenced by media representation. In terms of self-perception, men display greater confidence in their entrepreneurial skills, whereas women are more optimistic about finding opportunities but have a higher fear of failure, particularly in the context of ongoing war. These disparities highlight the importance of tailored support to address the unique challenges faced by male and female entrepreneurs in Ukraine's tumultuous environment.



6. Entrepreneurial aspirations

6.1 Current and expected employment

The APS data on current and expected employment in Ukraine among TEA participants reveals interesting trends. At present, the vast majority of entrepreneurs (60.8%) offer between 1 and 5 jobs, which indicates that small businesses predominate in the initial phase of companies (Fig. 6.1). A significant proportion (26.5%) currently offer between 6 and 19 jobs, indicating a number of more established businesses with greater capacity. Fewer entrepreneurs (11.8%) are currently able to create 20 or more jobs, reflecting the smaller number of large businesses within the TEA.

TEA: Current employment vs Expected employment in 5 years



Fig. 6.1. TEA: Current employment vs Expected employment in 5 years

Source: GEM Ukraine, 2023/2024

A shift can be observed in entrepreneurs' expectations regarding job creation in five years' time. The percentage of entrepreneurs who expect to have no jobs has risen slightly, from 1.0% to 1.6%, which could be due to uncertainty or company closures. Even more notable, however, is the predicted decline in small-scale job creation, with the percentage of those expecting 1-5 jobs falling to 45.9%. Expectations for the creation of 6-19 jobs also fall to 19.7%, indicating a conservative outlook for medium-scale growth.

Conversely, the number of entrepreneurs expecting to create 20 or more jobs jumps to 32.8%. This suggests that despite the current economic climate, business owners are optimistic that significant business growth and job creation is possible. The data suggests that entrepreneurs in Ukraine are hopeful for transformative growth and an increase in larger businesses over the next five years.

6.2 Expectations for business growth

The Adult Population Survey (APS) data for expectations of business growth among Total Early-stage Entrepreneurial Activity (TEA) participants in Ukraine shows a nuanced picture, with a mixture of optimism and caution among new entrepreneurs (Fig. 6.2).

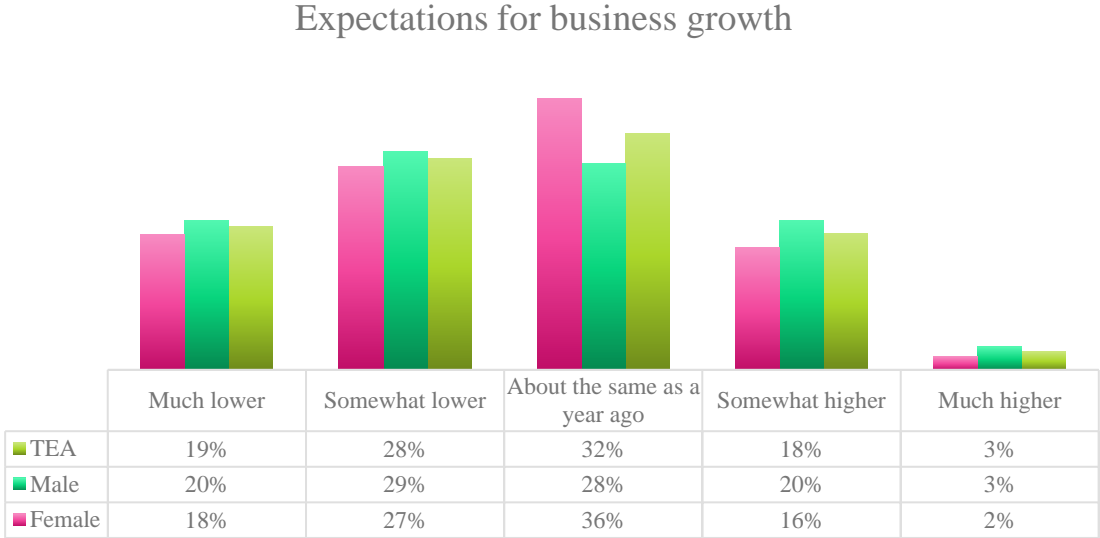


Fig. 6.2 Expectations for business growth in Ukraine among TEA with breakdown by gender

Source: GEM Ukraine, 2023/2024

Overall, a small minority of entrepreneurs, 3% of both men and women, have “much higher” expectations for the growth of their business. This suggests that while there are some very optimistic entrepreneurs, they are not the norm.

Those with “somewhat higher” expectations represent a larger proportion (18%), with men (20%) being slightly more optimistic than women (16%). This gender difference may indicate that male entrepreneurs are slightly more confident about the growth prospects of their new businesses than their female counterparts.

The largest group of both genders believes that the growth of their company will be “about the same as a year ago” (32%). This view is more prevalent among women (36%) than men (28%), suggesting that a significant number of female entrepreneurs expect stability rather than growth, which may indicate a cautious or realistic view.

The proportion of those who have “slightly lower” expectations is almost the same for both genders, at 29% for men and 27% for women. This level of concern could be due to the economic conditions, market saturation or other business challenges faced by these entrepreneurs.

Finally, the “much lower” category is also quite significant – 19%, with 20% of men and 18% of women. This shows that a considerable number of entrepreneurs are quite pessimistic about their growth prospects, which could be due to difficulties in the business environment or personal challenges in running a business.

In general, the data points to cautious optimism among early-stage entrepreneurs in Ukraine, with a tendency towards stability rather than significant growth. The gender breakdown shows that male entrepreneurs are slightly more likely to expect higher growth than female entrepreneurs, who are more likely to expect stability. This could indicate underlying factors

such as differences in business sectors, access to resources, risk tolerance and market opportunities between male and female entrepreneurs.

6.3 Anticipations for increased utilization of digital technologies

Data from the Adult Population Survey (APS) shed light on the expectations of early-stage entrepreneurs in Ukraine regarding the adoption of digital technologies for selling products or services in the next six months (Fig. 6.3).

In general, almost half of early-stage entrepreneurs (49%) expect an increased use of digital technologies. This indicates a clear shift towards digitalization in the business sector, likely driven by the need for competitive advantage, market trends or customer expectations. A breakdown by gender shows that a greater proportion of male entrepreneurs (53%) expect to use more digital technologies than their female counterparts (44%).

The “Maybe” category, which represents uncertainty or conditional planning, comprises a considerable 32% of the total TEA group. Interestingly, more female entrepreneurs (38%) fall into this category than male entrepreneurs (28%). This uncertainty among female entrepreneurs could reflect a more cautious approach to adopting new technologies or could indicate a perceived barrier such as cost, lack of skills or uncertainty about the benefits.

At the other end of the spectrum, those who answered “No” make up 18% of the total TEA group, with both male (19%) and female (18%) entrepreneurs reporting almost the same percentage. This reluctance or lack of desire to adopt more digital technologies could be due to the nature of their products or services, which may not use or require digital distribution channels.

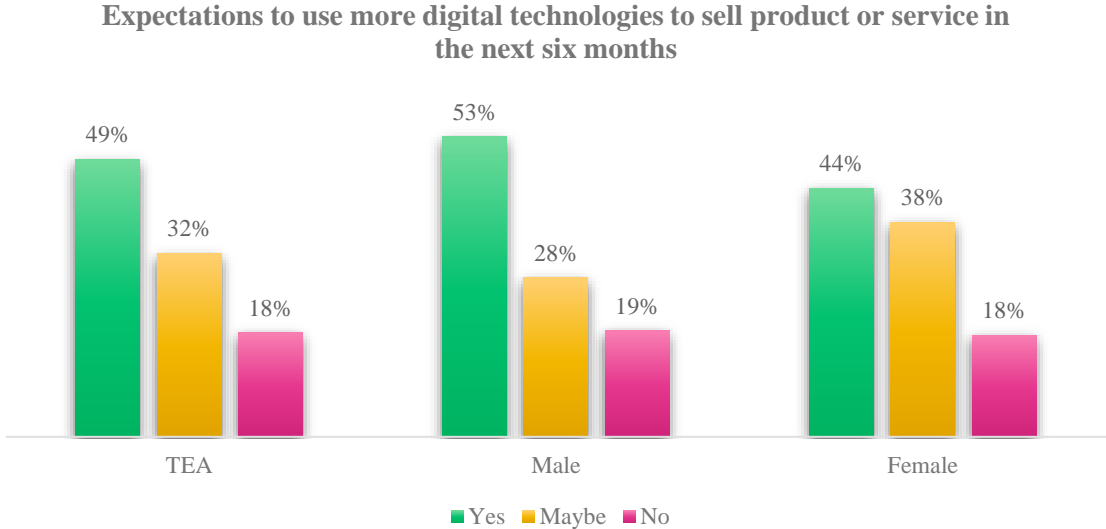


Fig. 6.3. Expectations to use more digital technologies to sell product or service in the next six months

Source: GEM Ukraine, 2023/2024

Overall, the data points to a trend where a significant number of early-stage entrepreneurs in Ukraine are willing to embrace digital technologies, with men slightly more inclined to this trend than women. However, a notable proportion of entrepreneurs remain unsure, and a small but significant percentage do not plan to increase their use of digital technologies in the nearest future.

In Ukraine, most entrepreneurs currently provide only a small number of jobs in the initial phase, but there is an ambition to significantly increase employment in the next five years, as evidenced by the increase in those who want to create 20 or more jobs. Entrepreneurs' expectations for business growth are cautiously optimistic, with many expecting stability and a few having high hopes for expansion. There is a clear gender gap: Men are slightly more optimistic about growth than women. In addition, almost half of early-stage entrepreneurs plan to increase their use of digital technologies, reflecting a trend towards digitalization, although women are slightly more uncertain in this regard. This trend towards digitalization, combined with the expectation of job creation, points to a potentially transformative post-war period as entrepreneurs prepare for a digital, growth-oriented future.



7. Informal investors

7.1 Rate of informal investment

According to the definition of the Global Entrepreneurship Monitor (GEM), an informal investor is someone who invests personal funds in a privately managed company with which they have no family or personal connections. These transactions usually take place outside the structured environment of formal venture capital or angel investment networks.

The data analysis reveals that the overall rate of informal investment, capturing the participation of adults aged 18-64 from 2021 to 2023, stands at 14% (Fig. 7.1). Examining the data by gender uncovers a disparity in participation rates. Men engage in informal investments at a higher rate of 18%, whereas women's participation rate is lower, at 10%, trailing men by 8 percentage points.

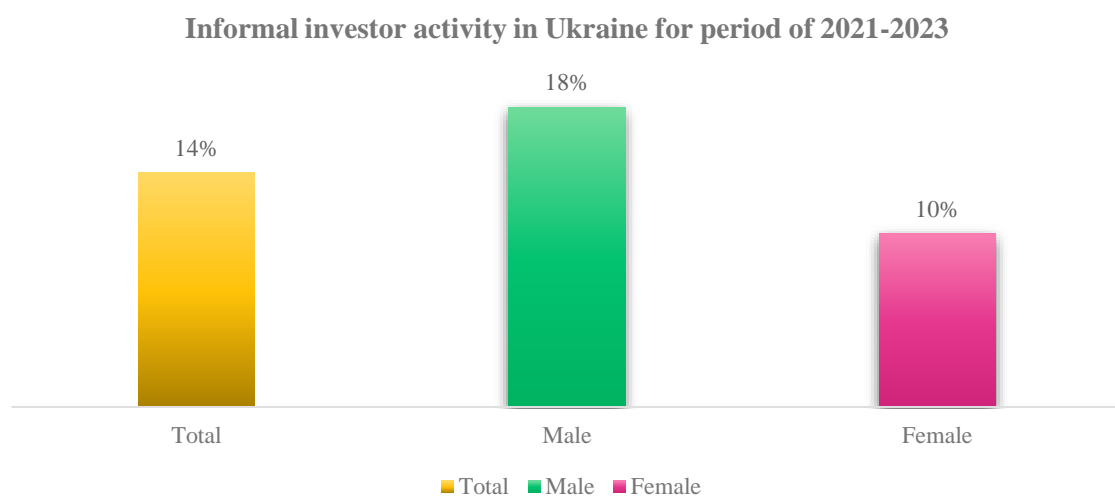


Fig. 7.1. Informal investor activity in Ukraine for period of 2021-2023

Source: GEM Ukraine, 2023/2024

7.2 Median investment amounts for informal investors

The following chart (Fig. 7.2) displays the spectrum of informal investment amounts in Ukraine for the year 2023, as documented by the Global Entrepreneurship Monitor (GEM) adult survey. On the lower end, the smallest investment recorded is \$41, showcasing that some individuals are making modest financial contributions to businesses with which they have no personal connection. The average investment escalates to \$1,326, indicating that the typical informal investor commits a more significant sum, likely influenced by a supportive ecosystem for funding start-ups. On the higher end, investments peak at \$5,420, demonstrating that certain informal investors have the capacity and willingness to provide substantial financial support. This variation in investment amounts highlights a broad participation in informal investment activities, with investors in Ukraine showing a wide range of financial commitments for the specified year.

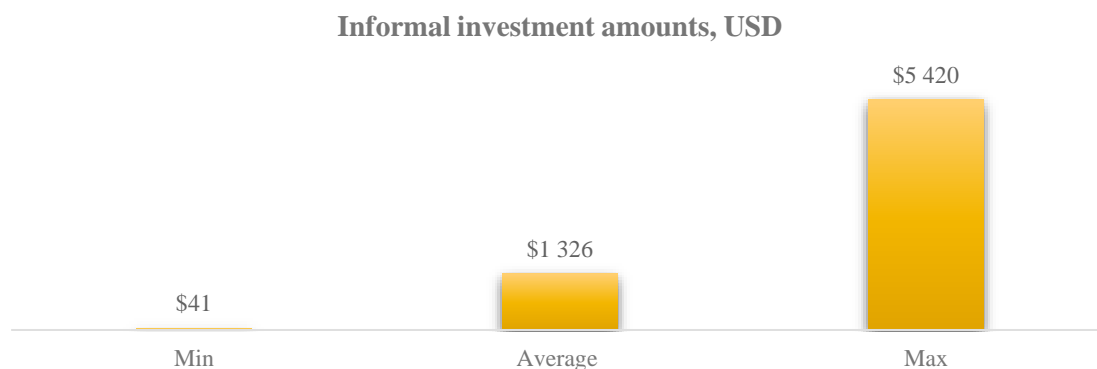


Fig. 7.2. Average investment amounts for informal investors in 2023

Source: GEM Ukraine, 2023/2024

Broken down by gender (Fig. 7.3), the data shows that male informal investors have a higher average investment amount of \$1,499, while female informal investors have an average amount of \$1,075. This indicates a gender disparity in investment amounts, with men investing on average about 39% more than their female counterparts. This inequality may be due to underlying factors such as differences in income levels, risk appetite or access to capital between the genders.

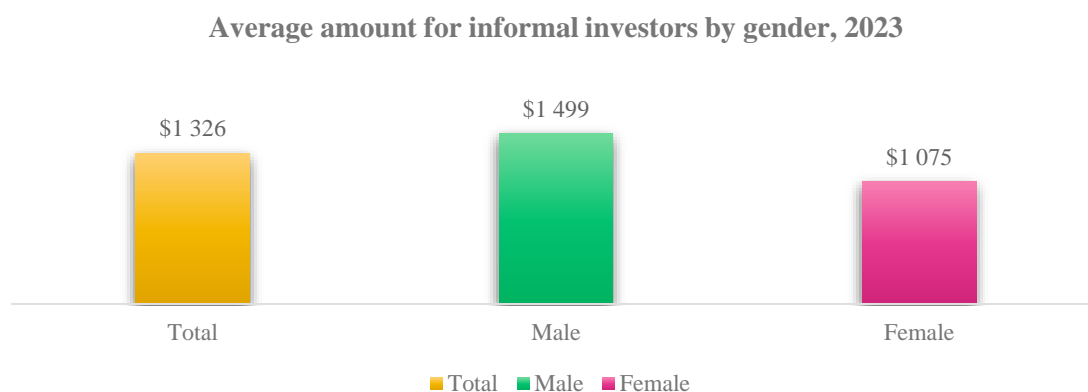


Fig. 7.3. Average investment amounts for informal investors by gender in 2023

Source: GEM Ukraine, 2023/2024

7.3 Relationships between investors and recipients of investments

The APS data shows that the most common type of relationship between investors and recipients in informal investing is "friend or neighbor" (32%). This underlines the crucial role of personal relationships in informal investments (Fig. 7.4).

Close family members account for another significant share at 28%, indicating a strong propensity to invest in businesses run by the immediate family. In addition, investments in businesses run by extended family members are represented in the "another relative" category at 9%.

A smaller proportion, 13%, of informal investors direct their investments to "a work colleague", indicating a degree of trust and support within professional networks.

A "stranger with a good business idea" accounts for 16% of relationships, indicating a more cautious approach to supporting business proposals from those without existing connections.

Relationships between investors and the recipients of their investments in Ukraine, 2023

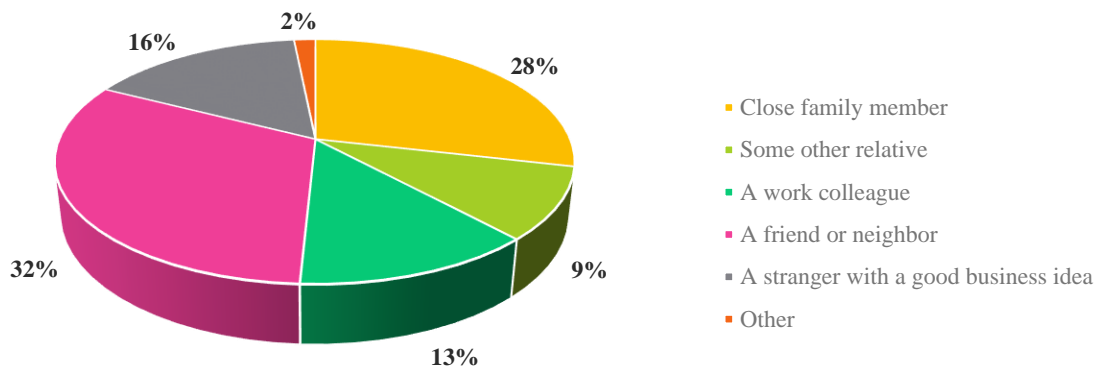


Fig. 7.4. Relationships between investors and the recipients of their investments in Ukraine, 2023

Source: GEM Ukraine, 2023/2024

In summary, Ukraine's informal investment landscape in 2023 showcases a broad spectrum of investor-recipient relationships. While there is a significant emphasis on investing within close personal and family networks, there's also an openness to supporting ventures led by colleagues and even unknown entrepreneurs with compelling business ideas.

In Ukraine, the overall rate of informal investment is 14%, with a notable gender disparity where men invest at a higher rate of 18% compared to women at 10%. Investment amounts range widely, from a modest \$41 to a considerable \$5,420, with men investing on average 39% more than women. The relationships between investors and recipients are predominantly with friends or neighbors, but investments in strangers with good business ideas are also present, highlighting the varied nature of informal investments in Ukraine.



8. Ukraine National context for entrepreneurship

8.1 Expert assessment of Ukraine's entrepreneurial landscape in 2023

With its annual National Expert Survey (NES), GEM carries out an assessment of the national business landscape. GEM's standard procedure is to interview at least four experts in each of the nine specified subject areas as part of the NES. However, given the special circumstances arising from the ongoing war in Ukraine and the limited responses from the Adult Population Survey (APS), it was decided to expand the pool of expert opinions.

In 2023, a comprehensive survey was conducted for the Ukraine GEM Report with the participation of 91 carefully selected experts. These experts were selected based on their extensive knowledge and experience in at least one of the key framework conditions for entrepreneurship. The selection criteria included people in top management positions, policy makers, entrepreneurs, government officials, academics and professionals from institutions that support entrepreneurs.

The evaluation process included twelve entrepreneurial frameworks divided into nine blocks of questionnaires. These conditions covered various aspects, including entrepreneurial financing, government policies, support programs, education and training, R&D transfer, infrastructure, market dynamics, physical services, and cultural norms.

As will become clear in the following sections, the initial assessment closely aligns with the average score calculated for the composite NECI index, which includes 13 components. The National Entrepreneurship Context Index (NECI) in the Global Entrepreneurship Monitor (GEM) report is a comprehensive measure that assesses the vibrancy of a country's entrepreneurial ecosystem by evaluating 13 entrepreneurial framework conditions (EFCs). These conditions encompass a range of factors, from the availability and accessibility of financial resources for entrepreneurs to the presence of cultural and social norms that support entrepreneurial activity. The NECI combines the individual assessments of these factors into a single index, providing an overall view of the country's entrepreneurial environment.

The following sections present the findings of the selected experts on the entrepreneurial environment in Ukraine for 2023.

8.2 National entrepreneurship framework condition in Ukraine

The data in the chart below (Fig. 8.1) shows the experts' assessments of various aspects of the business environment in Ukraine for the year 2023. Considering the fact that Ukraine is in a state of war, these assessments carry additional weight as they reflect the resilience and adaptability of the business environment under extreme stress.



EFCs scale: 0 = very inadequate insufficient status, 10 = very adequate sufficient status.

Fig. 8.1. Expert rating of the entrepreneurial framework conditions, 2023

Source: GEM Ukraine, 2023/2024

Resilient Areas Despite War

Physical infrastructure (6.2) and Social and Cultural Norms (6.0) are rated the highest, which is particularly commendable given the backdrop of war. This suggests not only the physical robustness of Ukraine's infrastructure but also a strong societal resolve to maintain and support entrepreneurial activities.

Entrepreneurship Education Post-School (5.2) and Commercial and Professional Infrastructure (5.0) receive high ratings, indicating that educational institutions and commercial services have managed to continue providing support for entrepreneurship despite the challenges imposed by the war.

Challenged Areas Amidst War

Government policies related to Taxes and Bureaucracy (4.4) show a need for improvement. The war might have compounded the complexity of these issues, as resources are likely diverted, and bureaucratic processes become more strained.

Entrepreneurial Finance and Ease of Access to Entrepreneurial Finance (3.7-3.8) are critical in times of war when funding becomes even more essential for businesses to survive and adapt. These scores may reflect the heightened difficulties entrepreneurs face in securing finance during war times.

Areas Under Significant Pressure

Research and Development Transfers (3.3), Government policies: Support and Relevance (3.2), and Government Entrepreneurial Programs (3.1) are areas under significant pressure.

The war likely impacts the government's ability to provide adequate support and to facilitate R&D transfers.

Ease of Entry: Burdens and Regulation (3.5) might be indicative of the increased complexity of starting and running a business in a war zone, where regulatory issues are more pronounced.

The overall assessment points to a moderately supportive entrepreneurial environment, which is remarkable under the circumstances. It indicates a persistent entrepreneurial spirit and a supportive community that values economic activity even in the face of adversity.

Notwithstanding the observed resilience, the war undeniably creates additional challenges, particularly in the areas of government support and the regulatory framework.

To further strengthen the entrepreneurial ecosystem in these turbulent times, one could focus on the following:

- Simplifying tax and bureaucratic procedures to reduce the burden on businesses.
- Strengthening government support programs specifically tailored to conditions in war situations.
- Facilitate access to finance in view of the additional financial challenges posed by war.
- Ensure that R&D can continue to be effectively transferred to companies, perhaps through innovative, conflict-sensitive mechanisms.

These insights are critical for policy makers, educators and entrepreneurs in navigating the complexities of sustaining and growing entrepreneurial activity in a war-affected region. They highlight not only the areas of immediate concern, but also the resilience and potential strengths that can be leveraged in the recovery and reconstruction phase.

8.3 The NECI: An overall view of condition for entrepreneurship

Ukraine's National Entrepreneurial Context Index (NECI) for 2023 is 4.3 and is particularly significant given not only its Group C classification with a GDP per capita of less than \$25,000, but also the fact that the country has been suffering from the ravages of war since the Russian invasion in 2022 (Fig. 8.2). Despite these significant challenges, which would normally affect economic activity and the entrepreneurial climate, Ukraine demonstrates a resilient and supportive environment for entrepreneurship. This resilience is underlined by the NECI score, which is in line with that of neighboring Group B countries, Poland and Romania, which have a higher GDP per capita and have not been exposed to the same war conditions.

This comparison highlights Ukraine's commendable performance in the midst of adversity. Hungary, which has a slightly better business environment with a NECI score of 4.5, and the Slovak Republic, with a lower score of 4.0, both benefit from relative political stability and economic advantages associated with higher GDP per capita. Ukraine's ability to maintain a supportive entrepreneurial ecosystem despite the war points to a number of fundamental strengths, such as effective policies, education systems and a supportive culture that encourages entrepreneurial ventures. This demonstrates the country's strong economic resilience and the strong entrepreneurial spirit of its people, who continue to start and grow business even under extreme pressure.

National Entrepreneurial Context Index (NECI), 2023

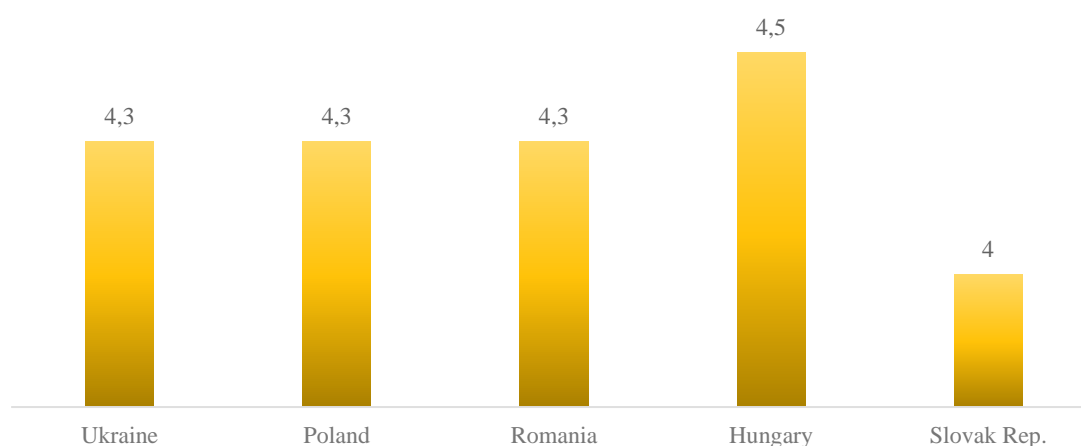


Fig. 8.2. NACI of Ukraine in comparison with neighboring countries, 2023

Source: *Global Entrepreneurship Monitor, 2023/2024 Global Report, 25 Years and Growing*

Table 8.1 provides a differentiated comparison of the business environment in Ukraine with that of its neighboring countries and highlights a number of strengths and areas that require attention. In the area of corporate finance, Ukraine is somewhat less favorably positioned than some of its neighbors, suggesting that while financial resources are available, they may not be as extensive or as accessible as in countries such as Romania and Hungary.

Table 8.1 Expert assessment of the business environment in Ukraine compared to neighboring countries

Entrepreneurial Framework	Ukraine	Romania	Poland	Hungary	Slovak Rep.
A1. Entrepreneurial Finance	3.8	4.1	4.4	4.4	4.1
A2. Ease of Access to Entrepreneurial Finance	3.7	4.3	3.8	4.5	4.1
B1. Government policies: Support and Relevance	3.2	3.2	3.4	3.6	2.6
B2. Government policies: Taxes and Bureaucracy	4.4	4.3	4	5	3.8
C. Government Entrepreneurial Programs	3.1	3.8	4.4	4.3	3.2
D1. Entrepreneurship Education at School	4.3	2.7	2.2	2.2	3
D2. Entrepreneurship Education Post-School	5.2	4.5	3.1	4.3	4.2
E. Research and Development Transfers	3.3	3.8	3.5	3.9	2.8
F. Commercial and Professional Infrastructure	5.0	5.8	5.4	5.7	4.9
C1. Ease of Entry: Market Dynamics	4.8	5.2	6.6	5.2	5.6
C2. Ease of Entry: Burdens and Regulation	3.5	4.4	4.2	4.4	4.3
H. Physical infrastructure	6.2	6.2	5.9	6.4	6.6
I. Social and Cultural Norms	6.0	3.6	4.5	4.2	3.1

Source: *Global Entrepreneurship Monitor, 2023/2024 Global Report, 25 Years and Growing*

If we look at *government policy*, Ukraine shows a relatively favorable environment in terms of taxes and bureaucracy, outperforming Romania and Poland and well ahead of Hungary and Slovakia. Support and relevance of government policies in Ukraine, while moderate, suggest that there is room for greater government engagement to match or exceed support in Romania.

Ukraine shines with its commitment to *entrepreneurship education*, both at the school and post-school level, placing it in a leading position in the region, which is particularly noticeable in post-school education, where it outperforms almost all of its neighbors except Hungary. This indicates a strong foundation for the promotion of entrepreneurial skills and mindsets in the young population.

The *transfer of research and development* to the business sector is an area where Ukraine does not perform as well and lags behind its neighbors. This could indicate a mismatch between the research sector and practical business application, which could hinder innovation-driven ventures.

The *commercial and professional infrastructure* in Ukraine is solid, but still has potential for further growth to reach the level of Romania and Poland. The country performs well in terms of market dynamics, indicating a competitive market, although the regulatory burden is in line with the regional average, suggesting similar challenges in these countries.

The *physical infrastructure* in Ukraine is robust, which is remarkable given the war situation, and the country's condition is close to that of better-rated neighboring countries such as Hungary and Slovakia. This aspect of the business environment suggests strong potential for supporting business processes and logistics.

One of the most striking features of Ukraine's business landscape is its *social and cultural norms*, which encourage a more positive attitude towards entrepreneurship than in any of its neighboring countries. This cultural resilience is a key advantage, especially in times of war, as it forms the basis for entrepreneurship and community support.

In summary, while Ukraine has significant strengths in education and societal attitudes towards entrepreneurship, it faces challenges in government support programs and the integration of R&D into the entrepreneurial world. Comparison with neighboring countries shows that Ukraine can learn from and adopt best practices to improve its entrepreneurial environment. This applies in particular to using the solid educational base and social support to overcome the additional difficulties created by the ongoing war.

8.4 Expert comment about national conditions for entrepreneurship

In addition, the expert questionnaire contains open-ended questions aimed at gathering insights on the main challenges and supports within the national entrepreneurial framework as well as recommendations to improve the overall entrepreneurial environment.

The data from the diagram (Fig. 8.3) illustrates the experts' opinions on the factors influencing entrepreneurship in Ukraine for 2023, with a particular focus on the impact of the war. Government policy is cited by 32% of respondents as the most influential factor. Against the backdrop of the ongoing war, this strong focus on government policy may reflect experts' concerns about how the government's actions are affecting the business environment and may point to areas where policy adjustments are urgently needed to better support businesses in such turbulent times.

Corruption is highlighted by 8% of experts as a facilitating factor, which, in the context of war and the typical negative connotation of corruption, could indicate that this is an area where significant improvement is needed. The mention of corruption in this context could be

an indication of its prevalence and the need for measures to combat it in order to improve the entrepreneurial landscape.

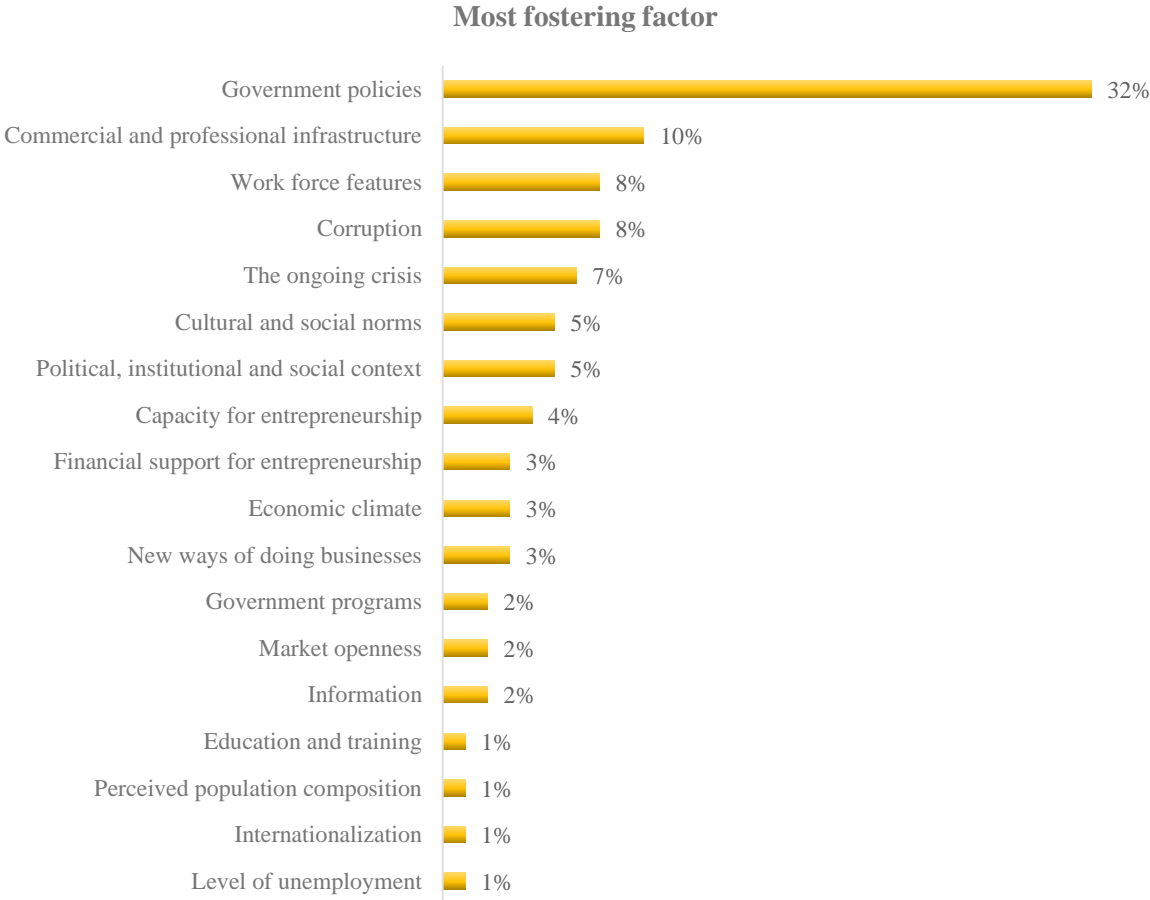


Fig. 8.3. Most fostering factor influencing the development of entrepreneurship in Ukraine, 2023

Source: GEM Ukraine, 2023/2024

Commercial and professional infrastructure is still in second place at 10%, suggesting that despite the war, there are elements of the business environment that remain strong. However, the relatively low importance of business climate and financial support for entrepreneurship (3% each) likely reflects the negative impact of the war and the perception that economic policies and financial mechanisms are currently insufficient to fully support entrepreneurship in Ukraine.

Figure 8.4 shows the experts' recommendations for the development of entrepreneurship in Ukraine in 2023 against the backdrop of the ongoing war. The predominant recommendation, emphasized by 46% of the experts, is a reform of government policy. This overwhelming consensus likely indicates the need for a supportive and efficient state framework, which is crucial in times of instability caused by the war.

Corruption is the second most cited area for improvement at 13%, suggesting that reducing corruption is seen as essential to creating a more transparent and fair business environment, which is particularly crucial in times of war when resources are scarce and proper distribution is critical for economic stability and growth.

Financial support for entrepreneurship is also highlighted by 9% of the experts. They point to the need for better mechanisms to fund and support new businesses that may be squeezed by

the economic impact of war. The transfer of research and development and coping with the ongoing crisis each account for 6%, suggesting that harnessing innovation and adapting to wartime conditions are important for sustaining entrepreneurial activity.

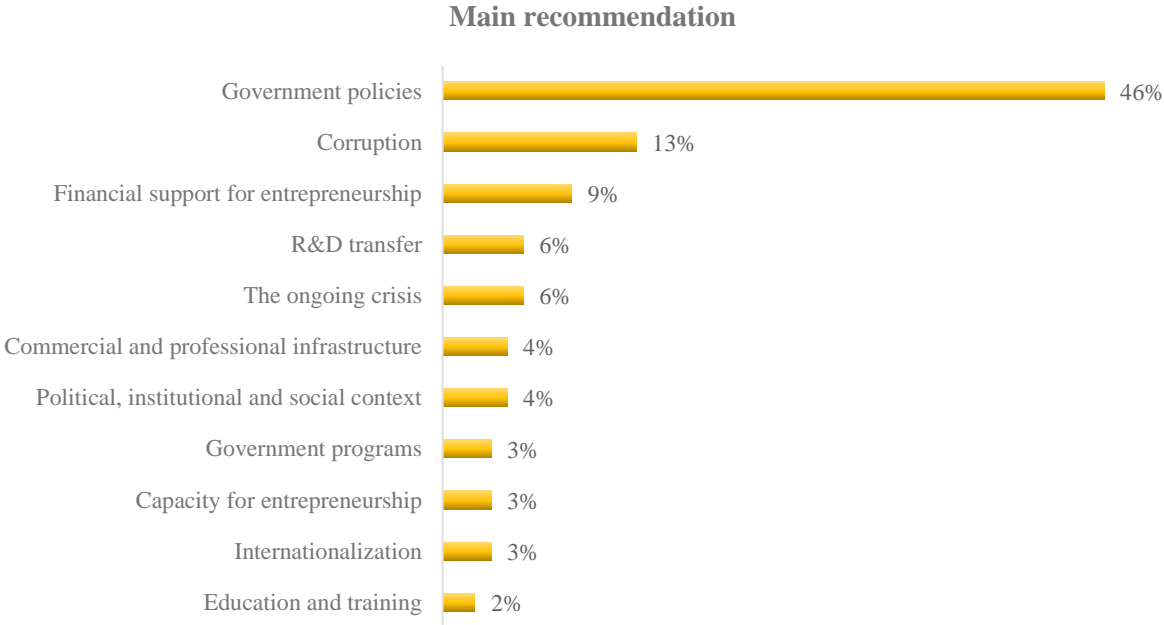


Fig. 8.4. Main recommendation for development of entrepreneurship in Ukraine, 2023
Source: GEM Ukraine, 2023/2024

Other areas such as commercial and professional infrastructure, the political, institutional and social context and government programs are also mentioned, albeit with a lower weighting, suggesting that while they are important, they may currently be overshadowed by the more critical issues of politics and corruption. In addition, the lower emphasis on education and training may reflect the need to prioritize immediate practical measures to support entrepreneurship in times of crisis over longer-term educational initiatives.

The National Expert Survey (NES), in which 91 experts took part, assessed the business environment in Ukraine using the National Entrepreneurship Context Index (NECI). This index, which evaluates 13 key business conditions, gave Ukraine a score of 4.3, indicating a moderately favorable business climate amidst the ongoing war. Of particular note are the high scores for Ukraine's physical infrastructure and social and cultural norms, demonstrating remarkable resilience. Conversely, areas such as government policy, corporate finance and R&D transfers were highlighted as significant war-related obstacles. A comparative analysis with neighboring countries showed Ukraine's strengths in education and its positive cultural attitude towards entrepreneurship. However, it also pointed to the need to improve government support and the integration of R&D. The experts recommended policy reforms, anti-corruption measures and better financial support for entrepreneurs. They also pointed out the importance of adapting to wartime conditions and using innovation to sustain entrepreneurial activities. This comprehensive assessment highlights Ukraine's enduring strengths and identifies key areas to strengthen the entrepreneurial framework in these difficult times.

