

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
67UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY**

Faculty--- of Management and Business Department of International
Economic Relations, Business & Management

Bachelor's Qualification Work

Managing a local business during wartime

(based on LLC BURSA Hotel Kyiv case)

Bachelor student of the 4th year of study

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and Administration

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Research supervisor

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Abstract

This Thesis investigates the intricate relationship between war and local business, focusing on a small Ukrainian business in Kyiv amidst ongoing conflict.

The Thesis employs a comprehensive framework combining SWOT analysis, Resource Dependence Theory, and the concepts of Organizational Commitment and Corporate Social Responsibility to explore how war acts as both a threat and an opportunity for businesses. Through a case study approach, this research delves into how the current conflict in Ukraine affects local businesses, examining the challenges they face and the strategies they employ to navigate them.

The study aims to offer insights into the resilience and adaptability of businesses in conflict zones by analysing the impact of war on business operations, strategies, and employee behaviour. The findings are expected to contribute to the broader understanding of the socio-economic consequences of war and provide actionable recommendations for businesses striving to operate and thrive in such conditions.

Keywords: war and business, conflict impact analysis, economic adaptability in crisis, SWOT analysis, Resource Dependence Theory, Organizational commitment, Corporate Social Responsibility, business strategy in conflict zones.

Анотація

Ця дипломна робота досліджує складний взаємозв'язок між війною та місцевим бізнесом, зосереджуючи увагу на малому українському бізнесі в Києві в умовах триваючого конфлікту.

Дисертація використовує комплексний підхід, що поєднує SWOT-аналіз, теорію ресурсної залежності та концепції організаційних зобов'язань і корпоративної соціальної відповідальності, щоб дослідити, як війна виступає

як загрозою, так і можливістю для бізнесу. Використовуючи метод тематичних досліджень, це дослідження заглиблюється в те, як нинішній конфлікт в Україні впливає на місцевий бізнес, вивчаючи виклики, з якими він стикається, та стратегії, які він застосовує для їх подолання.

Дослідження має на меті дати уявлення про стійкість та адаптивність бізнесу в зонах конфлікту, проаналізувавши вплив війни на бізнес-операції, стратегії та поведінку працівників. Очікується, що результати дослідження сприятимуть ширшому розумінню соціально-економічних наслідків війни та нададуть практичні рекомендації для бізнесу, який прагне працювати та процвітати в таких умовах.

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Ключові слова: війна і бізнес, аналіз впливу конфлікту, економічна адаптивність в умовах кризи, SWOT-аналіз, теорія ресурсної залежності, організаційні зобов'язання, корпоративна соціальна відповідальність, бізнес-стратегія в зонах конфлікту.

PHEE-institute «Ukrainian-American Concordia University»

Faculty of Management and Business

Department of International Economic Relations, Business and Management

Educational level: **Bachelor's degree**
Specialty **073 "Management"**
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APPROVED
Head of Department _____



Prof. Zharova L.V. _____

“ ” 20 _____

TASK
FOR BACHELOR'S QUALIFICATION WORK OF STUDENT

Valeriia Mamysheva

1. Topic of the Bachelor's Qualification Work:

Managing a Local Business During Wartime
(Based on LLC BURSA Hotel Kyiv case)

Supervisor of the Bachelor's Qualification Work: Olga Verkhohlyad, Ph.D.

Approved by the Order of the University as of "25" September 2023 № 25-09/2023-1к

2. Deadline for Bachelor's Qualification Work submission "25" April 2024.

3. Data-out to the Bachelor's qualification work: This BQW is based on Valeriia Mamysheva's internship at LLC Bursa Hotel Kyiv. Information collected during the internship was utilized during the writing of the Bachelor Qualification Work.

4. Contents of the explanatory note (list of issues to be developed):

This BQW developed the following issues: the war as a threat to business (economic decline, lack of resources); the war as an opportunity for business (production, new opportunities, profiteering); the war as character/ethics/patriotism developing mechanism; LLC Bursa Hotel Kyiv as an example of local business management during the wartime (analysis of economic activity, threats and opportunities during the war, analysis of the

company via the resource-dependence theory, analysis of the company via the resource-based view of the firm, LLB Bursa's corporate social responsibility); suggestions toward improvement of operations of the company.

5. List of graphic material (with exact indication of any mandatory drawings)

Table 1.1 "What prevents business from recovering"

Table 1.2 "Government policies to deter wartime profiteering"

Figure 2.1 "Organizational structure of LLC BURSA Hotel Kyiv"

Figure 2.2 "SWOT analysis of LLC BURSA Hotel Kyiv"

6. Consultants for parts of the Bachelor's qualification work

Part of the project	Surname, name, position	Signature, date	
		Given	Accepted
1	Olga Verkhohlyad	Yes	Yes
2	Olga Verkhohlyad	Yes	Yes
3	Olga Verkhohlyad	Yes	Yes

7. Dates of issue of the assignments

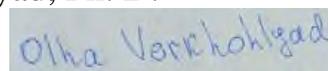
Time Schedule

№	The title of the parts of the Qualification Paper (Work)	Deadlines	Notes
1.	I part of the Bachelor's Thesis	10.12.23	On-time
2.	II part of the Bachelor's Thesis	27.02.24	On-time
4.	Introduction, conclusions, summary	25.04.24	On-time
5.	Pre-defense of the Thesis	29.04.24	On-time

Student Valeriia Mamysheva



Supervisor Olga Verkhohlyad, Ph. D.



Conclusion: The completed Bachelor's Thesis fully corresponds to the chosen topic and fully meets the established requirements. The work is performed at a sufficiently high level, meets the requirements and standards of the Ministry of Education and Science, is of high practical importance and can be recommended for defense with a preliminary assessment of "Excellent".

Supervisor Olga Verkhohlyad, Ph.D.

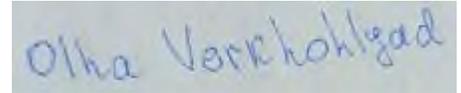
A rectangular box containing a handwritten signature in blue ink that reads "Olga Verkhohlyad".

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Introduction

The topic of war and local business has been significantly researched because of the frequency of war in the history of humanity and the need for the economies of countries to survive during such vulnerable times. Some aspects of this theme have been researched more, while others still require more analysis. As Naseem et al. (2022) wrote, “Despite understanding its devastation on humans and all other forms of life, human history is full of the menace of war. Humans, groups, and nations often opt for war anticipating victory. The literature sheds light on the socio-political, ideological, constitutional, and military consequences of war, yet the field of business still begs for such attention” (p. 1). Although the topic of war and local business has been studied by many authors from different countries throughout many years (e.g. Ban & Vrtiprah, 1999; Driffield et al., 2013; Schmid, 2006; Smith, 2016), still there are many sides of it that need to be investigated. This is the reason for the importance of this thesis as it contributes to the overall understanding of the topic.

The goal of this study is to analyze the relationships between war and local business in terms of a small Ukrainian business located in Kyiv. According to Tranfield et al. (2003), structured review and analysis of literature is most effective in studying the topic, as it collects scattered literature to form a unified analysis. As such, the big framework which this thesis utilizes is a combination of the SWOT analysis (Puyt et al., 2023), Resource Dependence Theory of Organization (Pfeffer and Salancik, 1978) and the Human Resource Management theories of employee behavior (Organizational Commitment (Cohen, 2003; Karau & Williams, 1993) and Corporate Social Responsibility (McWilliams & Siegel, 2002)). Therefore, the suggested framework is the following:

1. The war as a threat to business (viewed via the lens of weaknesses of companies)

2. The war as an opportunity for a business (viewed via the lens of the strengths of companies)
3. The war as a character/ethics/patriotism development mechanism.

LLC BURSA Hotel Kyiv, a local Ukrainian business chosen as a research subject for this paper, was also the basis for a report written after doing an internship there. The framework that this study utilizes will also be used for the analysis of the information from the internship report mentioned earlier. As a result, the analysis will be followed by conclusions and recommendations on the improvement of the business activity in the context of the framework.

The relevance of the topic of this thesis is characterized by the ongoing active state of war in Ukraine. The case study used for this work will directly show how the Russian aggression affected local businesses and how those businesses dealt with the forced change. Managing a local business during wartime is what all businesses operating in Ukraine have been going through since February 2022. Some of them gave up, but the majority continued operating, figuring out the plan along the way.

Chapter one will be dedicated to the theoretical analysis of the main framework of this study, which was conducted by collecting and reviewing the relevant literature and other sources, covering the relationship between war and business. Chapter two includes empirical research (and the analysis) of a single case study, a local Ukrainian business. It will act as an example and support the points made and ideas in the literature review, leading to a better comprehension of the information. The last chapter gathers all the data and analyses from previous chapters in order to present conclusions and suggestions aimed at enhancing the business activities of the chosen business within the specified framework.

Chapter 1. The Business of Conflict

1.1 The war as a threat to business

Many treat the idea of war as a devastating event, triggering negative emotions inside and associations in mind. And it is not surprising, as the effects of such tragedy are seen in many parts of life, creating a distinction between what was “normal life” and what comes “after”.

For the people of Ukraine, “russian peace” brought pain and so much unwanted change which was not possible to resist and reject for long. The psycho-emotional state of Ukrainians, their viewpoints on life, politics and belief systems, their economic situation, employment, housing situation, or, sadly, the very fact of existence have changed. And even though these people continue being the definition of resilience and bravery, it is impossible for them to ignore many factors that both directly and indirectly affect their day-to-day activities and lifestyle.

Armed conflicts and terrorism have been very evidently affecting businesses and how they function, consumer spending and behavior, public events, public affairs, and tourism (Barvinok & Barvinok, 2022; Bulyk & Havryliuk, 2023). In the same direction, some studies have highlighted conflicts as a source of great risk for businesses with the loss of properties and investments (Danylenko-Kulchytska, 2022; Momot & Lytvynenko, 2023; Melnyk, 2023). russia’s war has been causing a social, humanitarian, and economic crisis for the people of Ukraine and the whole world (Caldara et al., 2022; World Economic Forum, 2022).

1.1.1 Economic decline

Before the invasion, there were 18,000 medium and more than 350,000 small (86% of which were considered micro) enterprises registered in Ukraine.

Together, they employed more than five million Ukrainians, 62.5% of whom worked for midsize organizations (Державна служба статистики України а, n.d). Besides, almost two million people were registered as individual entrepreneurs, in other words FOP. The beginning of the war and the temporarily unreachable Unified State Register had not deterred entrepreneurs from starting new businesses, so almost 41,000 new companies and 318,000 individual entrepreneurs appeared in Ukraine within 15 months (Державна служба статистики України б, n.d). During the recovery period (since April), the rate of new business registration in the context of a full-scale war was 85% of the corresponding period in 2020 and 63% of the corresponding period in 2021. In August 2022, the rate of new business registration was 77% of the corresponding period for 2021 and 127% of the figure for 2020. According to Opendatabot (2023), the first year of the full-scale war was not a record year in terms of the number of closed cases. On average, 260,000 FOPs were closed in Ukraine per year, however, starting from April 2022, only 203,921 FOPs were closed. What's more, small businesses have always had the biggest share of the market, occupying around 95% of it.

In 2022, Ukraine's GDP fell by 29.1% compared to the previous year (Samoliluk & Levchenko, n.d.). The relationship between Gross Domestic Product and businesses is intricate and interconnected in various ways, still it is very important for better understanding of health and overall performance of the country's economy, since businesses play a central role in driving economic activity and growth, which, in turn, influences the overall level of GDP.

GDP measures all the goods and services produced within the country's border over a specific time period, which is usually a quarter of a year or a whole year. By being able to provide goods and services to consumers, businesses drive demand, leading to an increase in economic output, hence directly influencing GDP. Businesses also play a critical role in driving investments, which is one of the components of GDP. Investment includes spending on capital goods such as

machinery, equipment, and infrastructure. When businesses invest in expanding their operations or upgrading their technology, it stimulates economic activity and contributes to GDP growth. Furthermore, businesses are major employers within an economy. The level of employment and the wages paid by businesses affect consumer spending, which is a significant driver of economic activity as well as another component of GDP. Higher levels of employment typically lead to increased consumer spending, which, in turn, boosts GDP. The profits earned by businesses are subject to taxation. Tax revenues collected from businesses form a significant portion of government revenue, which is used to fund public goods and services. This government spending also contributes to GDP through the expenditure component. In general, a growing economy and increased economic activity, which is reflected by GDP growth, can provide a conducive environment for businesses to generate higher profits. This can result from increased consumer spending, higher demand for goods and services, and improved business conditions.

Nevertheless, the Russian invasion, resulting in the beginning of a full-scale war, canceled out all the hard work put into the economy, trying to recover GDP from the COVID-19 times. In the context of the war, GDP shows how resilient the businesses are and how much the businesses are able to produce, despite the obvious challenges and their consequences. Under such circumstances, businesses require time to adapt to changing economic conditions, adjust their strategies, or rethink their plan completely in order to attempt to stay afloat because the work of Ukrainian businesses during the war is a particularly important source of state budget revenues and job creation.

It is smart and important to acknowledge the multifaceted impact of contemporary war on businesses and the many factors it encompasses, resulting in:

- Economic decline
- Lost profits, no investment attractiveness

- Humanitarian crisis
- Infrastructure damage
- Resources constraints
- Market uncertainty and supply chain disruptions

Prior to February 24, 2022, some business leaders and entrepreneurs had taken the matter into their own hands and created their own versions of contingency plans for the outbreak, since there were too many speculations on how, when, and where Russia will attack, intensifying closer to the actual date.

The beginning of the war was a very stagnant period for businesses. Business owners were deciding whether to relocate, partially suspend the operations, or stop the business fully. The results of a published April 2022 quarterly survey “Business During The War” (2022), claimed that 68% of companies worked partially or with certain restrictions. Almost half, namely 47%, limited the geography of their activities, 21% moved online, and 19% were forced to close some offices, outlets, franchises, or branches. To support their employees, 54% of businesses paid full monthly salaries (with 63% in reports two months before that one), 31% (used to be 45%) made additional monthly advance payments, 3% reduced payments, 1% laid off their employees, and 7% (previously 1%) sent their employees on unpaid leave, 3% partially laid-off, and 1% was unable to pay. Regarding team relocation, 29% had the team reimbursed for the relocation expenses, 23% helped by renting housing in western Ukraine or even abroad (European Business Association, 2022).

Around the same time, the National Bank of Ukraine (NBU) commented on the state and prospects of the economy of Ukraine. They declared that private consumption was to decline since many citizens were forced to flee the country, unemployment was expected to rise, incomes were to decline, and people would cut back on secondary expenses. Due to significant uncertainty and high risks, investment activity was also to decline significantly. Decreased consumption and investment could have decreased imports compared to the pre-war period.

Exports of goods were also expected to drop significantly due to the shutdown of companies, a reduction in sown areas, and farmers' inability to conduct agricultural work effectively because of fighting, blocked seaports and disrupted supplies of fuel and fertilizers. And according to the NBU's monthly macroeconomic and monetary reports of two months later, wages in the private sector fell by 25% to 50% on average compared to pre-war levels. The number of companies that reduced wages by 10-50% was gradually increasing, particularly in the energy, services, transportation, and trade sectors (Kazak & Sulyma, 2023). Agricultural enterprises remained predominant among those that have not changed or even increased wages (Diia Business, 2022).

In March 2022, consumer inflation accelerated to 13.7% year-on-year (from 10.7% in February). The rise in consumer prices was primarily due to disruptions in supply chains and production processes, uneven demand, higher business costs, and the physical destruction of many businesses' assets due to Russia's full-scale attack on Ukraine (National Bank of Ukraine, 2022). First and foremost, food, pharmaceuticals and fuel prices had risen sharply (Diia Business, 2022).

The UN International Labor Organization (ILO) stated that 4.8 million of Ukrainians lost their jobs due to the invasion, increasing the poverty rate from 5.5% to 24.1%. This was equal to reversing 15 years of progress of the country. The UN estimates that nearly 14.6 million people within Ukraine will be in urgent need of humanitarian assistance in 2024 (United Nations Development Programme Ukraine, 2023).

As of December 2023, approximately 30 million border crossings from Ukraine to other countries were recorded. Most refugees, women with children, fled to Poland, whilst more than 6.3 million refugees from Ukraine were recorded in Europe as of December 28, 2023 (Statista Research Department, 2024). Almost 8 thousand companies changed their registered address by relocating within the country, and, according to the Polish Economic Institute, from January to

September 2022, nearly 14 thousand Ukrainian businesses (3,600 companies and 10,200 individual entrepreneurs) established in Poland, which equaled 45% of all the registered companies with foreign capital (Kazak & Sulyma, 2023). More than 50% of companies that registered in Poland did so to continue the business they had run in Ukraine. About two-thirds said they intend to stay on the Polish market regardless of the outcome of the war. The Polish government also reported that over 420,000 refugees found employment with many setting up Ukrainian businesses, mainly in construction, IT, and the retail industry, with women making up 41% of the new single-person enterprises set up by Ukrainians (UA War Infographic, 2023; Mirovaley, 2024).

In the midst of conflict, modern warfare extends beyond traditional battlegrounds to the digital realm, where cyberattacks are used as powerful weapons of disruption and sabotage. On December 12th, 2023, Ukraine's major service provider, Kyivstar, followed by one of the biggest banks of the country, Monobank, announced that the companies were under a massive hackers' attack. Monobank repelled a DDoS (denial of service) attack the same day, but Kyivstar was left to deal with a large-scale technical failure that resulted in the loss of mobile connection and internet access for millions of users, leaving its 24.3 million mobile users without cell and 1.1 million of subscribers without home internet for up to 3 days. Russia's cyberattack came at a price of almost \$100 million or 3.6 billion UAH for the parent company, VEON.

Over the course of the first year, Luhansk region lost 96% of its business profits, Kherson region - 94%, Zaporizhzhia region - 83%, Donetsk region - 80%, Dnipro region - 74%, Kharkiv region - 55%, and Mykolaiv region - 50%. (Економічна правда, 2023)

1.1.2 Lack of resources

The full-scale invasion has stagnated the labor market greatly. Many surveys conducted in March 2022 revealed that half of the Ukrainians who were

employed before the invasion had lost their jobs, some as a result of the destruction of enterprises or a reduction in their operations. Economic changes resulting from the destruction of production capacities, emigration of Ukrainians abroad, and internal migration within Ukraine were exacerbating disparities in the labor market. Meaning that the qualifications offered by workers did not match the needs of employers. For instance, if workers from metallurgical plants moved to western Ukraine, they may struggle to find jobs in their profession because such facilities are simply not available there. The shortage of workers with the necessary qualifications was pushing up salaries both in the public and private sectors. However, with time, the unemployment rate is anticipated to decrease slightly, according to NBU's inflation report as of January 1, 2024 (National Bank of Ukraine, 2024).

In the latest wave of EBA's "Business During the War" survey (October 11-27, 2023), the participants were top managers of the EBA's member companies. Although these businesses came from different sectors: agriculture, retailing, business consulting, construction, fast-moving consumer goods (FMCG), finance and banking, HORECA, IT and telecommunications, law-related services, transportation and logistics, recycling, etc, they all had the same troubles and obstacles in common, but to a different degree.

A little over half of the surveyed companies (53%) had up to 10% of their employees in the Armed Forces of Ukraine. One-fourth of companies had the number of mobilized employees reach 10-20%, and 5% - 20-30%. Almost half, around 45% of companies, had specialists critical to the company's operations among those mobilized or volunteered, including engineers, IT specialists, logistics specialists, electricians, mechanics, operators, managers, and even executive directors (European Business Association, 2023).

Lastly, 39% of respondents claimed that their business losses from the war at the end of 2023 were up to \$1 million. Another 32% reported losses in the range of \$1-10 million, and 14% reported losses of more than \$10 million. Almost

half, 46% of companies, emphasized on the direct losses from the hostilities. In addition, 22% of companies had assets in the occupied territories to that day. These were mostly offices and warehouses, branches, production facilities and equipment, land, goods, cars, and special equipment (European Business Association, 2023).

The invasion has caused significant damage to businesses' infrastructure and production facilities and disrupted established logistical routes. It also has caused an increase in foreign exchange rates, high prices for raw materials, interruptions in the supply of utilities, created unsafe working conditions and led to a humanitarian crisis (Kazak & Sulyma, 2023). These impacts can be ascribed to three main channels of transmission: disruptions in accessing local and international markets, problems with the supply of essential resources, and increased uncertainty.

The World Bank (2024) has reported on Ukraine's private sector, which has been greatly affected. Approximately 18% of firms reported damaged assets. Curtailed access to finance and vital export markets, inadequate demand, and heightened uncertainty hampered Ukrainian enterprises. Firms in the main active war zones of the Eastern and Southern regions had experienced the most significant damages. Critical sectors of the Ukrainian economy, however, like agriculture, exhibited encouraging recovery signs by early 2023. Financial difficulties affected approximately 84% of firms, hampering sales, investment, and jobs. The collapse of Ukrainian exports after the invasion was related to the closure of the Russian market, and to disruptions in critical trade and logistics hubs. Approximately 43% of firms that closed temporarily or permanently cited insufficient demand as their main reason for closure. Increased uncertainty linked to the invasion further dampened employment and investment (The World Bank Group, 2023).

October 10, 2022 has been marked as the beginning of the darkest period Ukraine went through, literally. That morning, multiple regions of Ukraine were

targets of Russia's terrorist attack, which had been planned and prepared many days before. The barrage of missile and drone attacks has targeted electricity transmission and water-pumping stations, heating facilities, and other key infrastructure in those regions, damaging the country's power grid, leaving over 15 regions with partially disrupted power and water supply, and later on forcing authorities to impose restrictions on energy usage. Between October 10, 2022, and March 9, 2023, the shelling took place every single day, and according to a UN report, as of April 30, 2023, total electricity generation capacity has more than halved. 42 out of 94 critical high-voltage transformers were damaged or destroyed (United Nations Development Programme Ukraine, 2023).

Obviously, the blackout period added to other challenges businesses have been facing, making it even harder to stay afloat. The NGO "Institute for Economic Research and Policy Consulting" conducted a survey of managers of 484 enterprises of all sizes in industry, agriculture, and retail in October 2022. October was the most pessimistic month: assessments of the overall economic situation at enterprises deteriorated, and forecasts for the next six months are worse than they were a month ago (Тартачний, 2022). The shelling, which was accompanied by power and water outages and total blackouts, resulted in only 8%

of enterprises operating at full capacity and 36% of enterprises operating at almost full capacity. That fall and winter, businesses felt the most acute problems with rising prices for raw materials and goods (70%), utility outages (51%), logistics problems across Ukraine (41%), danger at work (33%), and decreased demand (29%) (Kazak & Sulyma, 2023). The worst situation was among 94% of chemical and 90% of metallurgical companies, which reported losses. The situation was very difficult in the machine building and construction sectors.

Ukraine is extraordinarily rich in natural resources, including some of the largest energy, mineral, and agricultural assets in the world. Lithium, cobalt,

scandium, graphite, tantalum, niobium, and some others are defined by the European Union as “critical raw material.” Such resources found in Ukraine account for around 5% of the world’s reserves and are crucial for the advancement of “green” energy technologies. This fact has been nothing but a problem for Russia Federation, since its president was determined to ensure the continued flow of Russian gas and oil to European markets, including through pipelines of Ukraine. Although Russia’s motives for invading Ukraine vary, it is unreasonable to deny that the resources of Ukraine are not one of the most desired prizes eyed by the terroristic state.

With the exception of agriculture and coal, many of Ukraine’s resources remained underdeveloped and unexplored during the Soviet and much of the post-Soviet era. More recently, Ukraine has sought to increase its economic and energy security by developing these resources and diversifying its exports away from Russia. It launched a major oil and gas privatization effort in 2013, but all this was interrupted by Russia’s 2014 invasion, the annexation of Crimea, and military intervention in the East of Ukraine (Muggah & Dryganov, 2022).

After launching a new energy strategy in 2017 and accelerating the licensing of mineral extractions 4 years later, Ukraine’s moves to develop its resources have once again been thwarted by Russia’s invasion, turned into a war, and not least, because many of Ukraine’s resources are in its eastern regions and underneath the Black Sea, which then was and still is either controlled by or under attack from Russia. Ukraine’s formidable farming output had likewise been set back by Russia’s deliberate targeting of warehouses, farm equipment, and other agricultural assets. Russia has also occupied many of Ukraine’s ports, is blockading sea routes, and has sunk several cargo ships intending to ship Ukrainian grain to world markets. Those actions were severely disrupting the global supply chain of wheat, sending prices for the vital crop skyrocketing and raising alarm bells among food security experts over its ripple effect on import-reliant countries in the Middle East and North Africa, keeping in mind that before

the war, 60% of the country's trade went through ports to those exact markets (Muggah & Dryganov, 2022).

Ukraine's eastern regions and southern shores accounted for about half of Ukraine's conventional oil, 72% of its natural gas, and almost its entire coal production and reserves. The bulk of Ukraine's critical minerals, especially the rare earth metals that are now in high demand, were likewise found in Donetsk and other parts of Ukraine, either occupied or threatened by Russia. A number of crucial agricultural crops like wheat, corn, barley, and sunflower oil have been feeding global markets, and are harvested in eastern and southeastern Ukraine. The war has not only disrupted the production of these resources, but it has also shut down the supply of vital inputs, blocked export routes, and made future investment uncertain (Muggah & Dryganov, 2022).

Metallurgy suffered the largest damage and losses. With the two main metallurgical plants in Mariupol ruined in March 2022, Ukraine lost about 40 percent of its steelmaking capacity. As a result, metal production contracted by about 60 percent in 2022. Only a third of industrial firms were able to maintain a high level of capacity utilization in the regions adjacent to the frontlines. The Institute of Geological Sciences of the National Academy of Sciences of Ukraine has provided data on the extent of these losses. Their estimates indicate that the value of the underground resources lost ranges from USD 12.5 trillion to 15 trillion.

1.1.3 The future

In the second quarter of 2023, Ukraine's GDP grew by 19.5% after falling by 10.5% in the first quarter and 31.4% in the fourth quarter of last year. However, the real GDP in the third quarter of 2023 increased by 0.7% compared to the previous quarter, and by 9.3% compared to July-September 2022 (Eurostat, n. d.). This has led The National Bank to improve its forecast for Ukraine's GDP growth in 2023 from 2.9% to 4.9%. Additional reasons for this decision were

seeing a higher adaptability of businesses and households to the war conditions, improved crop estimates, expansion of alternative export routes, and more significant budget expenditures. All things considered, as of December 2023, NBU forecasts for 2024 included 3.6% of GDP growth, despite the persistence of security risks, and a significant improvement in inflation forecast for 2023, from 10.6% to 5.8% (NBU, 2024).

Notwithstanding the positive change within the business environment, the biggest obstacle to business recovery is the lack of financial resources in the country, namely, customer insolvency, unavailability of credit funds and business equity, etc (Економічна правда, 2023).

Lack of a sufficient number of solvent customers	49,7%
Unpredictable developments in Ukraine and the domestic market	46,1%
Unpredictable actions of the state that may worsen the state of the business	34,0%
Lack of sufficient capital	32,4%
Obstacles from regulatory and/or fiscal authorities	26,1%
High taxes and fees	23,2%
Inaccessibility of credit funds, including the 5-7-9 program, etc.	23,0%

Table 1.1 - What prevents businesses from recovering.

Source: Економічна правда, 2023

In conclusion, the devastating impact of Russia's war is multifaceted, encompassing losses in the country's economy, people's lifestyles, and various facets of businesses. From the erosion of profits and investments to the challenges of relocation, infrastructure damage, scarcity of resources, including human resources, uncertainty, and much more, the toll is immense. The ramifications extend beyond the economic realm, touching upon humanitarian and ecological

crises. As country's leaders cautiously consider forecasts for the upcoming years, the hindrances outlined in the recovery Table 1.1 underscore just a few of many formidable challenges businesses face during the conflict, reinforcing the urgent need for peace and stability to foster economic resilience.

1.2 The war as an opportunity for business

While war inevitably brings massive destruction and upheaval, some businesses manage to identify or create new opportunities amidst the chaos. Necessity breeds innovation, and for companies that can adapt quickly, shifting market dynamics and consumer needs present possibilities to develop new products and services, expand to new markets, and reimagine business models. In another sense, the war has a different face to present: potential gains from the armed conflict the companies identify either because they participate in the production chain of the defense industry or because they see the event as an opportunity for the emergence and expansion of new markets (Cohen, 1943; Felício Jr. & Figueira, 2022). However, with these potential opportunities come profound ethical questions. This section will explore emerging prospects for businesses during wartime, as some seek to unjustly exploit the war for excessive profits, while others aim to conduct business fairly and contribute to the country's recovery.

1.2.1 Production

There is a direct relationship between the increase in profits and the degree of participation in war production (Mudgett, 1920; Cohen, 1943). Both Mudgett (1920) and Cohen (1943) share a common focus on demonstrating that sectors participating in the war production chain experienced significant profit increases. Moreover, their studies highlight the context of the First World War, characterized by states mobilizing extensive military and economic resources.

This period is regarded as a total war, as noted by Spiegel (1940), emphasizing the imperative to utilize these resources comprehensively. In this scenario, for a party, typically one of the states involved, to secure victory, it must assume a significant role as a purchaser while simultaneously shaping the domestic market to meet the demands of wartime production. This strategy is motivated by two primary factors. Firstly, by prioritizing purchases within its own market, the state reduces reliance on external markets that may become inaccessible due to economic or political factors, as illustrated by Tsokhas (1993) regarding strategic resource denial, such as wool. Secondly, by retaining financial resources internally, the state fosters national economic development and prevents potential adversaries from accessing funds for their own economic growth, as outlined by Spiegel (1940). Analysis of sectors not directly linked to wartime activities reveals a focus on understanding business behavior. These studies, exemplified by Baxter (2007), Jackson & Worthen (2002), and Neumann & Shenhav (1977), often emphasize adaptation or seizing opportunities within the environment, as observed in the works of Barker (2017) and Covert (2003).

In warzones, businesses often face the challenging reality of adapting to the demands of conflict. Amidst the chaos, some businesses find themselves pivoting their focus from their traditional operations to supporting the military and producing essential goods for them. Whether it's manufacturing equipment, providing logistical support, or offering services critical to military operations, these businesses play a crucial role in sustaining the efforts of armed forces. While this shift may be driven by the necessity of survival or lucrative contracts, it also raises ethical questions about the involvement of civilian enterprises in wartime activities. Nonetheless, for many businesses in war-torn regions, aligning with military needs becomes not only a matter of economic pragmatism but also a means of contributing to the broader defense and security efforts in their communities. One of the real-time examples could be the aviation giants Antonov and Ukroboronprom, who have refocused capacities towards military

aircraft maintenance, production, and parts as Ukraine's air forces faced depletion. Antonov has also maintained focus on its AN-225 Mriya aircraft destroyed in the war, seeing its rebuilding as symbolic of Ukraine's indomitable spirit (Ukroboronprom, 2022).

While Ukraine's business environment has been profoundly shocked and disrupted by Russia's barbaric invasion, the agility and innovation of Ukrainian enterprises offers hope. Defense and technology startups developing drones, satellite imagery analysis, cybersecurity systems, and other hardware and software for military and civilian applications have attracted significant foreign direct investment. Ukraine's startup ecosystem was already rapidly developing before the war, but has now gained global interest from governments, companies, and venture capital funds.

Ukrainian firms that continued operation after the invasion adapted their business strategies proactively and resiliently in response to this shock, including seeking new customers, leveraging digital tools, and adopting supply chain optimization techniques. Notably, multinational corporations (MNCs) demonstrated remarkable resilience by continuing to invest in their subsidiaries in Ukraine and are foreseeing continued growth in the near future.

New opportunities are emerging from the ashes in numerous sectors as shifting consumer demand, foreign direct investment, and global supply chain dynamics create prospects for development, growth, and increased market share for capable, responsive firms. Whereas businesses, in general, may be negatively affected in wartime, businesses critical to war may get an unprecedented boost (Naseem, Akbar, Tahir, & Imran, 2022).

1.2.2 New opportunities

From a market perspective, there obviously exists a degree of uncertainty regarding the extent to which war is beneficial, but there is some evidence to prove that the war can present new opportunities. For instance, wartime demand

for certain goods and services can create lucrative opportunities for businesses that are well-positioned to capitalize on them. War can spur innovation and creativity as businesses seek to overcome obstacles and meet the needs of customers in challenging environments. Entrepreneurs may develop new products, services, and business models tailored to the realities of wartime conditions.

In his work examining business activity in New York City during the American Revolution, Mason (1966) delved into the intricate dynamics of how businesses responded and adapted to the wartime environment. He explored how businesses diversified their offerings, adjusted their supply chains, and capitalized on new market opportunities arising from the demands of wartime production and provisioning, later offering a nuanced understanding of the ways in which businesses not only survived but flourished during the chaotic and unpredictable period, ultimately contributing to the economic vitality and growth of New York City. Many entrepreneurs and landlords built new fortunes or increased existing ones, which Mason saw as a positive point.

Similarly, Duménil et al. (1993) investigated the profitability of companies in the US market and demonstrated, through a series of econometric computations, that war precipitated a sudden resurgence in corporate profits. This upturn was attributed to the rapid technological shifts occurring during the conflict, leading the governments often to invest heavily in R&D to develop new technologies for military purposes.

Barker (2017), an expert on the UK pottery industry, notes that the start of the First World War presented new avenues for growth, advancement, and market positioning globally. The naval blockade of ports during the conflict effectively halted the importation of cheaper porcelain from Germany and the Austro-Hungarian Empire, posing a direct threat to English porcelain producers. Leveraging this circumstance, English artisans seized opportunities to not only

cater to their domestic market but also to expand their reach into other nations where demand for their products existed.

For some businesses, the war has indeed opened unexpected markets either domestically or abroad. With global attention focused on Ukraine and an outpouring of foreign aid into the country, new demand has emerged for products and services involved in responding to humanitarian needs and rebuilding critical infrastructure. Construction, energy, transportation, and telecommunications companies have seen a spike in government and donor-funded projects (Ilchenko, 2023).

Companies taking over their domestic market shares like food, IT, defense manufacturers, and construction firms relocated from embattled areas face less competition. Imports from Russia banned by Kyiv have enabled Ukrainian substitutes to expand market control of everything from steel pipes to fertilizer.

The same goes to the international sanctions against Russia which have created opportunities for Ukrainian companies to substitute for lost Russian goods, services, and investments in Europe, Central Asia, and beyond. With global supply chains disrupted, Ukrainian firms have attracted new customers and investors seeking alternative stable partners (Logvynenko, 2023). For example, the EU's proposed carbon tariffs on imports from major polluters like Russia along with Kyiv's trade accord with Brussels could enable newly competitive Ukrainian steel to seize larger shares of European markets (Liboreiro, 2024).

For critical infrastructure like pipelines, railways, and electricity networks with mainly state-owned monopolies before the war, Ukraine's government has aimed to introduce competition and private sector participation in rebuilding damaged infrastructure. Officials argue involving new entrants could foster efficiency, innovation and prevent dependence on Russian-produced components (United Nations in Ukraine, 2024, p. 57-58).

Ukraine's IT industry has experienced a surge in outsourcing contracts from foreign partners looking to support Ukrainian businesses as well as fill new

talent needs with Ukraine's highly skilled IT workforce, since over 100,000 IT specialists have joined Ukraine's Armed Forces, intensifying global talent shortages in the sector (Kontsevoi, 2022).

As world food prices have spiked partially due to shortages of Ukrainian agricultural exports, some Ukrainian farms in safer western regions have managed to increase production and exports with the support of government incentives and trade route alternatives through Europe, the "Solidarity Lanes". Record harvests up to June of 2023 helped Ukraine export over 35 million tons of grain as well as oilseeds, vegetables, fruits, and other foods desperately needed on global markets (FAO, 2023, p.3).

In the midst of the ongoing war, Ukraine has demonstrated a steadfast commitment to supporting its people and fostering entrepreneurship through innovative initiatives such as the "My Business" grant program. Since its inception in July 2022, over 13,500 Ukrainians have been awarded grants, receiving a total of UAH 3 billion in state support to kickstart or expand their businesses. This significant investment is not only a testament to the resilience of Ukrainian entrepreneurs but also a vital lifeline amidst challenging times. According to the Ministry of Economy of Ukraine, the beneficiaries of these grants are projected to generate more than 25,000 new job opportunities, contributing to economic stability, and fostering hope for a brighter future despite the ongoing adversities faced by the nation (Міністерство Економіки України). The most recent opportunities from the private sector, in March of 2024, Forbes BrandVoice has partnered up with PIN-UP company and launched a grant program to help micro and small entrepreneurs operating in areas close to the frontline (Forbes BrandVoice, 2024).

In conclusion, the resilience of micro and small businesses in Ukraine shines through amidst the challenges of war, embodying the concept of "anti-fragility." Adaptability, swift response to market demands, and the ability to implement necessary measures like temporary salary adjustments or staff

reductions enable these enterprises not only to endure but also to prosper in turbulent times. Their capacity to identify and seize opportunities amid adversity underscores their vital role in driving economic activity and sustaining communities, even in the face of conflict.

1.2.3 Profiteering

The concept of war profiteering is not new but quite the opposite, it is as old as war itself. War has always presented opportunities for those with insatiable greed to amass wealth. The infamous Thirty Years' War of 1618–1648, one of the longest and most destructive conflicts in European history, saw military contractors supply armies with necessities, charging exorbitant prices and often delivering substandard goods. This was the start of a dark tradition that has persisted till today.

Profiteering during wartime is a complex and morally fraught issue that often arises when businesses seek to capitalize on the conditions of conflict for financial gain. While businesses have a legitimate interest in maintaining profitability and sustaining operations, exploiting wartime conditions for excessive profit at the expense of societal well-being and ethical standards raises significant ethical concerns.

Streib (1948) studied a very significant facet of war, that is, warmongers disproportionately profiting from the war. The study aligned with the expectation that there are opportunities in crisis for some individuals and wars also being a profitable development for some businesses. For instance, when the US government required finances during the First and Second World Wars, the best intellects in the advertising world were tempted to create campaigns for the utmost purchase of war bonds for the United States. Hence, there are always some businesses, such as media, contractors of the war zone, the weapons industry, etc., which seek huge profits during said wartime.

Hence, the issue of profiting from war extends beyond ethical considerations to practical and financial concerns. Taking this into account, attempting to regulate the prices of war-related goods could prove futile as manufacturers may simply refuse to sell. Consequently, a balanced approach to price and profit control is necessary to meet the material demands of wartime. Simply addressing the matter from a moral standpoint will only be effective if individual entrepreneurs perceive excessive war profits as morally objectionable. As indicated by Plehn (1920) and echoed by Hensel and McClung (1944), Withrow's (1942) research suggests that the entrepreneur's own moral stance on profiting excessively during wartime is more significant than the method of control employed.

Within Ukraine, there is growing frustration aimed at retailers engaging in blatant profiteering, particularly on essential items procured in bulk from abroad and then resold domestically at exorbitant prices. President Volodymyr Zelenskyy has called for legislative measures to hold such unscrupulous businesses accountable, emphasizing, "It is unjustifiable that some businesses or officials try to benefit from war prices or the need that our state has today" (Office of the President, 2023). This exploitation not only exacerbates the financial burden on citizens but also undermines the nation's collective efforts to address the challenges posed by the ongoing conflict.

With the onset of war immediately disrupting imports and transport routes, shortages and supply shocks for key production inputs, consumer staples and critical relief items like power generators, batteries and medicines enable sellers to raise prices exponentially amid desperation. Accusations of price gouging have targeted retailers of essential goods from food to fuel as some allegedly exploit crises for excessive profits. With electricity and heating intermittent or severed by missile strikes on infrastructure, generator prices spiked five-fold to unaffordable levels for many families and small businesses. Fuel costs jumped 50 percent within weeks further propelling inflation.

Government interventions like price controls, export restrictions and targeted subsidies aim to curb profiteering on vital goods, though critics argue caps sometimes backfire longer-term by discouraging market supply responses. Kyiv did reduce taxes on medicines, grains and energy equipment to improve affordability while boosting imports and local production with mixed results.

Policy	Description	Impact
Price controls	Imposed price ceilings on basic food staples, fuel, medicine, and construction materials to limit rapid inflation	Mixed - helped curb price hikes on some goods but discouraged market supply responses
Export restrictions	Banned exports for some commodities in critical short supply domestically like grains, sunflower oil, fuel	Increased domestic availability but hurt farm incomes and complicated international trade relationships
Targeted tax cuts	Reduced VAT, import taxes, and excise taxes on essential goods and energy equipment	Improved affordability of medicines, grains, fuels but massively reduced state tax revenues
Anti-monopoly policies	Prevented businesses from deliberately limiting production or supply to drive up prices	No significant effect as dominant firms argued supply shortages unavoidable
Anti-profiteering laws	Proposals to impose excess profits taxes on firms earning "unreasonable profits"	Strong political pressure but complex to legislate what constitutes excessive profits

		amid volatile crises
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Table 1.2 - Government policies to deter wartime profiteering.

Compiled by the author based on Ilchenko, Epravda (2023).

Upheaval and uncertainty during conflict can enable increased corruption by companies or government officials seeking to exploit chaos for personal gain through bribery, fraud, price manipulation, theft, or graft.

With foreign military and humanitarian assistance to Ukraine expected to reach \$100 billion USD by early 2024, risks of misuse of funds and profiteering through inflated procurement contracts or phantom projects have attracted scrutiny from donor countries and organizations like the EU, UK, and IMF demanding transparency and accountability measures.

Investigations already target alleged profiteering through inflated procurement contracts for emergency supplies or phantom rebuilding projects used to siphon assistance funds. With up to 30 percent of Ukraine’s pre-war GDP originating from the shadows, risks are embedded (Fitch Solutions, 2023). President Zelenskyy claims lacking resources impedes reforms but empowered investigative agencies and independent media scrutiny aim to expose large-scale graft. Critics argue oligarchs continue unfairly winning massive infrastructure and construction contracts through insider connections.

Ukraine’s reputational stakes are immense regarding corruption amid unprecedented global aid inflows. While malfeasance challenges all rapid crisis response systems, prevention and accountability measures demonstrate commitment by state and private sectors to honor the sacrifices of allied nations. Ukraine’s National Anti-Corruption Bureau vows to curb embezzlement and misspending. Government digitization initiatives around e-procurement, asset

declarations and transparency databases aim to enhance integrity, accountability and reduce petty administrative corruption enabling larger graft. Many observers contend Ukraine must uphold higher standards given corruption's perceived role in abetting past Russian influence. With Ukraine's European future at stake, leaders realize corruption fights now shape attitudes, relationships and assistance terms for years ahead.

Combating corruption in wartime requires concerted efforts from both domestic and international actors, including robust oversight mechanisms, accountability measures, and support for anti-corruption initiatives. Addressing corruption not only strengthens the integrity of military operations and humanitarian efforts but also contributes to long-term stability and peacebuilding in conflict-affected regions.

Corruption in times of war can exacerbate already dire situations, leading to significant consequences for both the civilian population and the effectiveness of military operations. In war-torn regions, corruption may manifest in various forms, such as embezzlement of humanitarian aid, bribery to gain military advantages, or diversion of resources meant for defense or reconstruction efforts. Corruption undermines the trust between governments and their citizens, eroding support for military actions and impeding efforts to stabilize conflict zones. When funds intended for essential services or military support are siphoned off through corrupt practices, it can directly harm the well-being of civilians and soldiers alike, compromising their safety and security. Additionally, corruption in war zones can exacerbate existing inequalities and vulnerabilities, disproportionately impacting marginalized communities who are already at greater risk during conflicts. For example, when aid intended for refugees or internally displaced persons is diverted by corrupt officials or armed groups, it prolongs suffering and perpetuates cycles of poverty and instability.

1.3 War as a character/ethics/patriotism development mechanism

While conflict inevitably reshapes business landscapes through crises in markets, supply chains and consumer demand, perhaps the most profound impacts of war manifest internally at individual and organizational levels through ethical questions arising amidst chaos and uncertainty. As societal pillars like rule of law, financial systems and infrastructure face disruption, businesses small and large confront heightened dilemmas regarding corporate social responsibility, price gouging, fraud, corruption, labor rights, environmental stewardship and navigating moral gray zones, where legal and ethical boundaries blur. Some firms may witness integrity giving way to desperation or opportunism. However, most remain committed to ethical operations, supporting staff, serving customers honorably and contributing to national recovery efforts as both a moral imperative and matter of strategic importance regarding public trust and longer-term viability. This subchapter examines ethical challenges emerging for businesses during Ukraine's ongoing defense against Russian aggression. It assesses positive and negative corporate behaviors, and public pressures reshaping business decision-making.

1.3.1 The pressure of leading

Doing business during war presents a unique set of challenges and ethical considerations, as well as requires a high degree of adaptability and resilience. Entrepreneurs and business leaders must navigate unpredictable economic conditions, supply chain disruptions, and security risks while maintaining operations and serving their customers. They are likely to face difficult ethical dilemmas when operating in conflict zones, followed by the need to make decisions about resource allocation, pricing, and partnerships that have profound implications for the well-being of employees, customers, and communities.

Leading a business during wartime demands strong leadership skills, including the ability to inspire confidence, make tough decisions, and provide direction in the face of uncertainty. Business leaders may find themselves grappling with issues of integrity, accountability, and transparency as they seek to navigate complex and challenging circumstances.

Operating a business during war requires courage, resourcefulness, and a strong sense of ethics. While the pressures of wartime may test the character of business leaders, it also presents opportunities for growth, innovation, and meaningful contribution to the well-being of society. Additionally, businesses operating in war-affected areas have a responsibility to consider the broader social impact of their activities.

The ethical and legal responsibilities of businesses in times of conflict are subjects of scrutiny. Many stakeholders expect businesses to follow ethical guidelines, including respecting human rights and international law. In the marketplace, notions of patriotism and loyalty take on a different guise, as companies seek to cultivate brand allegiance and customer devotion in a crowded and competitive marketplace. Just as citizens rally around national symbols in times of war, consumers often exhibit fervent loyalty to brands that align with their values, beliefs, and identities. This raises questions about the ethical dimensions of corporate branding, marketing, and consumer manipulation, as well as the responsibilities of businesses to uphold principles of transparency, authenticity, and integrity in their interactions with customers and communities.

The study conducted by Choi and Jung (2021) delves into the correlation between a CEO's firsthand experience of war and the level of corporate information transparency. Leveraging the Korean War as a natural experiment, the research reveals that companies led by CEOs with war exposure demonstrate a heightened commitment to information transparency compared to those led by non-war-exposed CEOs. Specifically, CEOs with war experience tend to disclose

information in a more balanced manner, prioritizing risk mitigation, particularly evident during periods of global financial turmoil.

Ultimately among war's countless tragedies emerges heightened consciousness of what matters most not just materially but ethically and spiritually across both individual lives and institutions. While desperation risks prompting some firms towards dishonest decisions, most businesses retain integrity and double down on community leadership when their societies need them most. By adhering to principles of fairness, empathy and service with customers, employees, and country through upheaval, Ukraine's firms and leaders are forging renewed social compacts with people they depend upon for survival and prosperity. From rubble emerges stronger bonds between business and nation.

As societal pillars like healthcare systems, infrastructure and government services stagger under crises, public frustrations often scapegoat business leaders perceived as detached elites. Many Ukrainians already believed powerful oligarchs captured state institutions for self-enrichment before the war through systemic corruption and insider deals. Russian narratives exploit such grievances to undermine resistance.

However, vilifying businesses and wealthy individuals can prove counterproductive as Ukraine requires their investments, innovations and leadership navigating crises. More constructive approaches emphasize shared struggles, transparent communications and collaborative problem-solving for national recovery. Just as crucible conflicts reveal individual character, they illuminate the true values and social commitments of corporations. Those taking initiative to support staff, customers and country in times of turmoil often earn moral authority and public trust for years ahead.

1.3.2 Corporate Social Responsibility

In the realm of business, parallels can be drawn between the dynamics of war and the challenges faced by organizations navigating competitive landscapes, forging strategic alliances, and confronting moral dilemmas in the pursuit of profit and market dominance. Much like warfare, business endeavors often require ethical decision-making, loyalty to corporate values, and the cultivation of leadership traits that foster resilience and adaptability in the face of adversity.

Corporate social responsibility (CSR) is a business model that helps a company be socially accountable to itself, its stakeholders, and the public. Despite varying definitions of CSR, one acceptable definition describes it as those social activities undertaken by organizations beyond their economic interests and those prescribed by law. In relation to operations in conflict-affected countries, this means being sensitive to the situation, actively engaging with host governments, abiding by global principles, bolstering civil society efforts and providing public goods to vulnerable citizens.

When Russia invaded Ukraine and the war broke out, a striking trend emerged as evidenced by the departure of a significant number of businesses from the Russian market. A survey carried out by the Yale School of Management in 2022 showed that from the beginning of the invasion and until June 7, 2022, about a thousand companies showed some form of aversion to the Russian market (Felício Jr. & Figueira, 2022). These multinationals have been forced to do so by government-imposed sanctions on Russia or as a matter of choice and in protest of the actions of the aggressor. These companies which have made the bold decision to exit the Russian market as a tangible demonstration of their condemnation of the conflict and their commitment to standing with Ukraine during this tumultuous time, underscores the profound impact of geopolitical events on business decisions and highlights the growing intersection between economic activities and moral imperatives in today's interconnected world.

Moreover, this move exemplifies the evolving role of Corporate Social Responsibility (CSR), with businesses aligning their actions with ethical principles and societal values, even at the expense of potential financial gains (Yale School of Management, 2022; Muchirahono, 2022). CSR efforts help demonstrate social consciousness and solidarity with a nation under attack. Many cases of CSR shown in solidarity with Ukraine will remain indelible in the hearts of Ukrainians and would enhance the people's patronage, love and trust for the brands while the reverse would be the case of the brands in Russia.

International companies and organizations that have decided to continue operating in Ukraine after the invasion have developed corporate social responsibility initiatives aimed at supporting humanitarian, infrastructure, and economic recovery projects, as well as ensuring the safety and well-being of employees, supporting local communities, and adhering to international human rights standards, even in the midst of conflict.

Ukrainian energy giants Naftogaz and Ukrnafta as well as leading banks Privatbank and Oschadbank launched prominent national fundraising campaigns urging citizens and foreign donors to contribute funds towards procuring generators, Starlink satellite equipment, ambulances, prosthetic limbs for wounded soldiers, and other vital military and humanitarian supplies. Some businesses offered to match employee or customer donations dollar for dollar. Monobank, another leading online bank, has been very active in terms of support and fundraising for the Armed Forces of Ukraine. Each of the initiatives announced by Monobank, would be a single message of them announcing fundraising with presents for those who donate the most, introducing services in their app that makes donating and support easier or the collaboration with Ukrainian brands, retailers and charity organizations - all that is one of the great examples of CSR in modern Ukraine in the warstate. (Dobro, 2023; "Ukrainian Bank Monobank Introduces," 2024)

Business support for the Armed Forces and humanitarian initiatives remains unwavering. The number of companies that support their own employees in the Armed Forces is growing - currently 66%. For comparison, in August 2023 this figure was 61%, and a year ago it was 57%. 51% of companies provide financial support and their own products, 21% provide services and medicines, and 18% supply protective/defense equipment. It is worth noting that the amount of assistance to the army and population from businesses has remained consistently high since the beginning of the full-scale invasion (European Business Association, 2023).

As businesses in Ukraine and abroad respond to the war, many face mounting social pressure to act responsibly and avoid being perceived as recklessly profiteering from the crisis. For example, clothing retailers H&M and Zara, as well as high-fashion brand Balenciaga introduced special clothing collections featuring apparel in Ukrainian flag colors with proceeds funding Ukraine aid projects. Critics noted most items were produced cheaply in Turkey or Asia with little profit flowing to Ukraine, prompting calls to source from and manufacture within Ukraine where possible (Interfax-Ukraine, 2024).

In conclusion, the confluence of Corporate Social Responsibility and the leadership role of businesses during wartime yields a nuanced and compelling narrative. The choice of numerous companies to withdraw from the Russian market in solidarity with Ukraine underscores the evolving responsibility of businesses as moral agents within society. Business leaders face increasing pressure to navigate geopolitical complexities while upholding ethical standards and fulfilling CSR obligations. The collective departure from the Russian market exemplifies the imperative for business leaders to prioritize principles over profits, contributing to broader societal values and peace efforts. In times of conflict, the ethical imperative becomes paramount, highlighting the pivotal role of businesses in shaping global events and advancing humanitarian goals. Multinational corporations cannot afford to ignore the fragile global environment

and need to play a role in one way or another to alleviate the suffering of citizens in conflict zones. In some cases, they even have the power to influence the outcome of conflict. Thus, the pressure on business leaders to reconcile financial interests with ethical imperatives during war underscores the profound impact of their decisions on both business dynamics and the wider world.

Chapter 2. LLC BURSA Hotel Kyiv as an example of a local business management during wartime

The purpose of this chapter is to illustrate the impact of Russia's war on a local Ukrainian business, utilizing LLC BURSA Hotel Kyiv as a research subject. Qualitative research often employs the case study methodology to provide comprehensive insights into real-world problems, offering deep understanding across various dimensions. By utilizing the theoretical framework, which is an integration of the SWOT Analysis, Resource Dependence Theory of Organization (RDT) / Resource-Based View of the Firm (RBV), Organizational Commitment Theory and Corporate Social Responsibility approach, this chapter seeks to analyze the intricate dynamics of war's influence on BURSA Hotel Kyiv, shedding light on how external dependencies and internal resources shape the hotel's response to conflict-induced challenges and opportunities. Through a qualitative examination of the case study, this chapter aims to uncover the nuanced interactions between theory and practice, offering valuable insights into the adaptive strategies employed by BURSA Hotel Kyiv to navigate the complexities of war.

2.1 General activity and analysis of economic activity of LLC BURSA Hotel Kyiv

As of 2024, there are multiple businesses operating under LLC BURSA Hotel Kyiv. Opened in 2018, BURSA Hotel Kyiv is a 5-floor hotel complex includes a boutique hotel with 33 rooms, SUPRA Daily Restaurant and BursaBar winter bar on the first floor, a seasonal bar called 1818 on the rooftop, and a chamber cinema KINO42, functioning in the basement, which also partially serves as a shelter for hotel guests at night and everyone else during the day.

The hotel, fully designed by local architect Slava Balbek and his team at 2B Group, has captured attention by infusing Bauhaus-inspired clean lines and

philosophy with a blend of bourgeois and bohemian aesthetics. This distinctive design approach not only sets the hotel apart but also propelled it to join the esteemed ranks of the Design Hotels Group in January 2021. This prestigious membership marks a significant milestone for BURSA, underscoring its commitment to excellence and innovation in hospitality. By aligning with the values and standards of Design Hotels, BURSA enhances its appeal and reputation, positioning itself as a premier accommodation choice in Kyiv for both locals and international travelers alike. Preceding the invasion, BURSA's affiliation with the Design Hotels group garnered substantial attention from international visitors, thereby generating revenue and promoting both the hotel and Kyiv as a prominent travel destination.

Throughout its history, BURSA has undergone changes in ownership, transitioning from one proprietor to another. The business structure operates as a Limited Liability Company (LLC) or TOV in Ukrainian, functioning under sole proprietorship. Presently, Galina Vlasenko assumes ownership of the establishment. The former proprietor, Vasily Grogol, hails from Moscow, the capital of Russia, signifying the necessity for the change in ownership due to his non-Ukrainian heritage ever since the beginning of the war. Despite being considered a former owner on paper, Vasily Grogol remains actively involved, overseeing operations and participating in decision-making processes.

During Grogol's tenure as owner, the workforce numbered over a hundred and twenty individuals, with a significant proportion holding managerial positions. The bustling atmosphere was characterized by frequent meetings held in the conference room every couple of hours, giving the impression of perpetual busyness among staff. However, a notable shift has occurred, with the frequency of meetings drastically reduced to just a few types convened every other week. These include PNL meetings attended by department heads, alongside Vasily, the Hotel Operations Manager, a brand chef representing the restaurant and kitchen, and a Bar Manager from the service team. While Grogol remains connected to

the enterprise as its founder, his physical absence and infrequent visits to Ukraine have resulted in diminished influence over operational matters. As a result, day-to-day business operations are predominantly overseen by local management personnel based in Kyiv.

Before the onset of the invasion on February 24th, 2022, the management framework appeared highly hierarchical, supplemented by the implementation of a functional organizational arrangement. The adoption of a functional structure was evident as each department had its respective head. However, the staff count has since decreased significantly, now totaling around fifty individuals—a reduction of over fifty percent. This decrease reflects the extensive efforts undertaken, particularly after BURSA resumed operations in June 2022, when only approximately twenty individuals were available in the city seeking employment or offering assistance in revitalizing the business. During this period and continuing to the present day, the structure has evolved into a product-based divisional arrangement, delineated by different branches of the business—such as the hotel, restaurant with the winter bar, cinema, and, seasonally, the rooftop bar. For additional profit, the rooftop bar area is utilized for private events or serves as a picturesque location for photoshoots.

As mentioned previously, BURSA employed twice the number of staff members two years ago compared to its current workforce. Half of these individuals were directly involved in various aspects of organizational development and expansion. In 2024, management responsibilities are consolidated among a limited number of personnel, some of whom must assume multiple roles concurrently.

The majority of economic planning is orchestrated by the Head of the Service and Hotel departments in conjunction with key figures such as the CFO and, notably, Vasily. Regrettably, I was unable to obtain specific insights into the operational processes. However, I have observed that management activities

often appear chaotic or unpredictable, making it challenging to discern the precise methods or strategies employed in their roles.

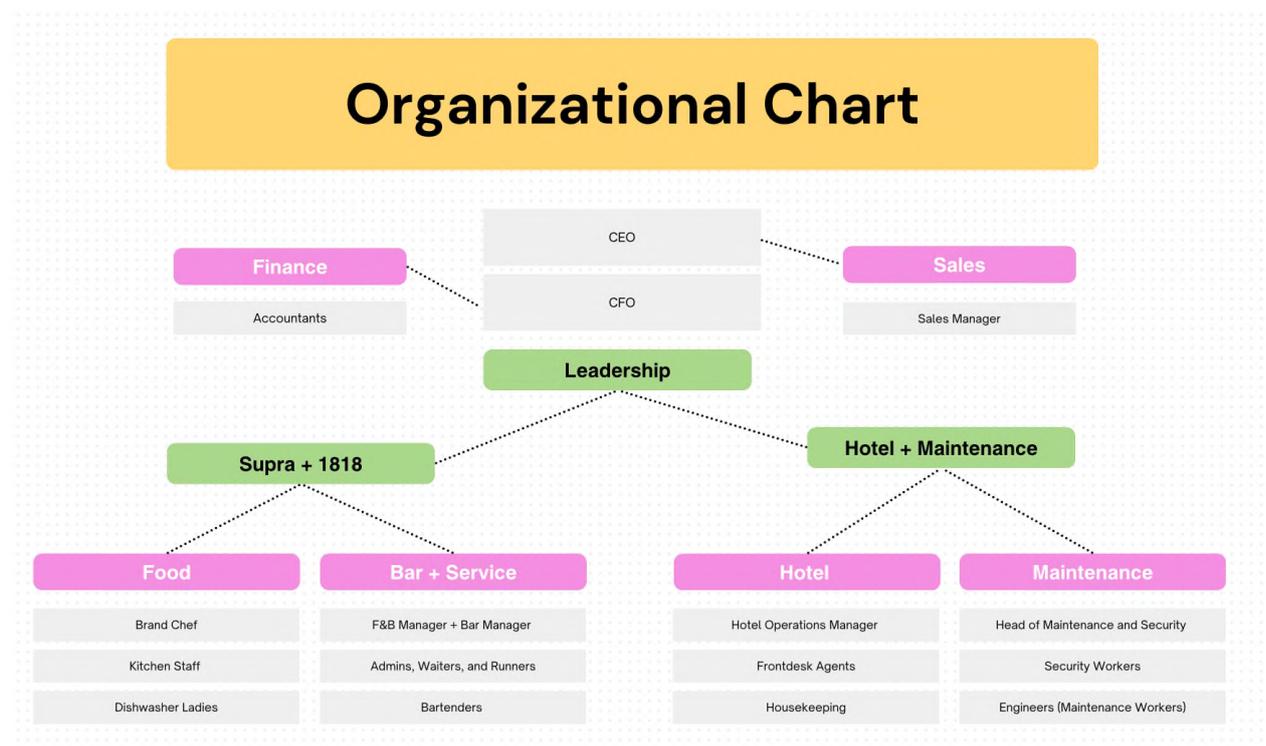


Figure 2.1 Organizational Structure of LLC BURSA Hotel Kyiv
 Created by the author and retrieved from Mamysheva, 2023.

Regrettably, I am unable to provide any insight into BURSA's financial operations or specific figures regarding cash flow and profit from previous years. Access to such financial information is strictly restricted, and inquiries regarding any type of expenses are not permitted and frowned upon.

Drawing from accumulated experience, observations, and research, this thesis incorporates an infographic depicting a SWOT analysis tailored to all enterprises operating under LLC BURSA Hotel Kyiv, with particular emphasis on Supra Daily Restaurant.

SWOT Analysis

Strengths <ul style="list-style-type: none">• authentic and aesthetic• experienced team	Weaknesses <ul style="list-style-type: none">• small budget• big ambitions, little desire• don't allow growth within the team
Opportunities <ul style="list-style-type: none">• rebranding and growth• “the right people” know about them	Threats <ul style="list-style-type: none">• war• other places nearby operating better

Figure 2.2 SWOT analysis of LLC BURSA Hotel Kyiv

Created by the author and retrieved from Mamysheva, 2023.

Strengths:

1. Supra boasts captivating interior and exterior designs, attracting patrons not only for the food but also for the photo-worthy ambiance. The rooftop bar, in particular, offers stunning views and Instagram-worthy backgrounds, enhancing its appeal.
2. The team at Supra is exceptional, consistently delivering outstanding service to ensure guests have a delightful and enjoyable experience. Their commitment to creating a friendly atmosphere has garnered numerous compliments and expressions of gratitude from patrons.

Weaknesses:

1. Financial constraints hinder Supra's ability to invest in quality upgrades and expand its workforce. Limited resources result in stalled projects, particularly in

the marketing department, where ideas often fail to materialize due to budget constraints.

2. Team members frequently find themselves undertaking additional responsibilities beyond their initial scope, leading to overwork for some and dissatisfaction for others. This disparity in workload contributes to a lack of cohesion within the team.

Opportunities:

1. Embracing Supra's original philosophy and mission of "celebrating food with nice people around" could elevate its popularity in Kyiv. With the right management approach focused on authenticity, Supra has the potential to reclaim its status as a premier destination.

2. Leveraging the presence of influencers, artists, and entrepreneurs who frequented Supra before February 24, 2022, presents a valuable marketing opportunity. With a dedicated marketing team, Supra could harness this influential network to amplify its brand presence and attract a wider audience.

Threats:

1. The ongoing war poses a significant threat to Supra's operations, impacting tourism and consumer spending in Kyiv.

2. Competing establishments in close proximity to Supra pose a threat to its customer base. Without meaningful changes, Supra risks losing patrons to more dynamic and appealing alternatives, potentially leading to a decline in business.

Before the war, the restaurant's innovations were spearheaded by the F&B Manager, while the General Manager was responsible for implementing innovations in the hotel. Presently, there is no dedicated department for innovation management within the organization. Some innovations may be suggested by staff members based on guest feedback and observations, while

others may be prompted by shifts in the geopolitical and market landscape. For instance, in response to geopolitical tensions, many Ukrainian establishments transitioned from russian software such as IIKO POS to alternatives like Syrve. Additionally, certain products from companies that maintained ties with russia or demonstrated apathy towards the war, such as Alpro, Campari Group, and Bacardi Group, were phased out. Changes were also made to the hotel's interior, including replacing neon signs in rooms with Ukrainian-themed ones featuring famous quotes and catchphrases. Artworks by russian or belarusian artists were also removed from the premises. In terms of a digital innovation, in December 2022, BURSA partnered with DIIA, enabling Ukrainian citizens to check-in swiftly using the DIIA app.

2.1.1 Activity breakdown after reopening in 2022

Following the invasion, the Hotel complex immediately closed its doors and placed all staff members on unpaid leave until around the end of May. Subsequently, management began reaching out to select staff members, inquiring about their availability to rejoin the team for the reopening. The hotel complex, including the hotel, Supra restaurant, 1818 rooftop bar, and Kinno42 cinema, resumed operations on June 1st 2022, albeit with sluggish activity initially. Later in July the hotel witnessed an uptick in activity as individuals sought respite from the ongoing conflict. Throughout July and August, the hotel functioned at its highest occupancy levels, even though only 18 rooms were available for guests, as the remaining 15 rooms lacked mattresses which were given away through donations to refugee camps. Until the blackout period commenced in October, Supra restaurant experienced minimal foot traffic. Occasionally, on warm weekends, there would be slight increases in patronage, largely attributed to visitors frequenting the 1818 rooftop bar, who would subsequently dine at Supra.

However, hotel's activity began to decline in September, with October and November marked by somber tones. The frequent blackouts posed challenges, necessitating reliance on a generator and additional expenses.

The blackout periods were getting more frequent, occasionally extending beyond 8 hours due to intensified missile attacks from Russia's side targeting critical infrastructure. The generator located at BURSA's front yard lacked sufficient power to sustain both the hotel and the restaurant simultaneously. Consequently, both establishments had to operate with limited services. Supra experienced a surge in patrons when power outages occurred in Podil. However, the staffing levels at Supra, comprising two individuals as in service and bar staff and 2 to 3 kitchen staff, were insufficient to manage the influx of customers.

The end of December saw increased bookings, reaching around 80% capacity due to the holiday season. However, comparing pre-invasion and recent profits is not straightforward due to Booking.com's and online travel agencies (OTAs) commission structure. Booking.com and OTAs in general waive the exposure fee on their websites for keeping the hotels at the top when researching. Prior to the invasion, Booking.com typically deducted around 18% of the hotel's profit from guest bookings. Following the full-scale invasion, Ukrainian hotels were exempted from this tax.

Historically, January has been characterized by low occupancy rates, a trend that persisted during the war. In contrast, February 2023 was bustling, with all 33 rooms fully booked by journalists covering the one-year mark in history of the full-scale invasion. During this month, BURSA purportedly generated revenue exceeding one million UAH.

During spring, activity at BURSA Hotel increased, coinciding with the launch of the new season for the 1818 rooftop bar. Additionally, the hotel hosted numerous private and corporate events. In July 2023, a significant event called Kyivness occupied a large portion of the BURSA Hotel complex. This event transformed various areas of the hotel, including the front yard, corridors,

conference rooms, library, guest rooms, and rooftop bar, into a curated market. While the organizers did not pay BURSA for the use of these locations, they provided additional exposure for the hotel.

My tenure at BURSA concluded following the Kyivness event weekend, marking my departure from the business. Subsequent to my resignation, I lack access to information concerning the hotel complex's operations starting from August 2023. My insights into its ongoing activities are limited to available data online and the extent to which staff members are willing to disclose details.

The analysis of LLC BURSA Hotel Kyiv's economic activity pre-invasion and after reopening in 2022 unveils a story of ups and downs. Before the conflict, BURSA Hotel Kyiv was a well-known establishment, admired for its innovation and customer service. However, when war broke out, the hotel faced tough challenges. Despite financial constraints and resource issues, BURSA Hotel Kyiv showed resilience and adaptability, continuing to innovate. While some operational details remain private, the hotel remains committed to providing exceptional guest experiences and adapting to the changing market. As BURSA Hotel Kyiv navigates the challenges of war, its ability to capitalize on strengths and address weaknesses will be crucial for its future success as a top hospitality destination in Kyiv.

2.2 Threats and opportunities for LLC BURSA Hotel Kyiv during the war

War brings forth a dual narrative of both threats and opportunities for businesses worldwide, compelling them to adapt to the evolving landscape shaped by conflict. LLC BURSA Hotel Kyiv, amidst the tumult of war, faces a spectrum of challenges and prospects that redefine its operational paradigm and resilience. This subchapter embarks on an exploration of the multifaceted impact of war on BURSA Hotel in Kyiv, elucidating not only the challenges encountered

but also the opportunities seized in response to the conflict's dynamics. By drawing insights from theoretical frameworks such as Resource Dependency Theory (RDT) and Resource-Based View (RBV), this analysis delves into how BURSA Hotel Kyiv navigates the interplay between external threats and internal resources to forge adaptive strategies amidst crisis.

2.2.1 Resource Dependence Theory

Resource Dependency Theory (RDT) posits that organizations are influenced by their external environment, and are dependent on external resources to survive and thrive. In the context of BURSA Hotel Kyiv facing the threat of war, RDT can be used to analyze how the hotel's operations are impacted by disruptions to its external environment, such as supply chain interruptions, changes in consumer behavior, and economic instability resulting from the conflict.

The analysis of the activity at BURSA Hotel Kyiv starting from June 2022, as discussed in the previous subchapter, reveals insights that align with Resource Dependency Theory (RDT):

1. The blackout periods, attributed to intensified missile attacks, emerged as a significant challenge for the hotel complex. The reliance on a generator during blackout periods exemplifies BURSA Hotel Kyiv's dependence on external resources, such as electricity supply from the grid. The prolonged blackout periods highlight how disruptions in external dependencies can directly impact the hotel's operations, underscoring the importance of managing dependencies and diversifying resources to mitigate risks associated with external uncertainties, a key tenet of RDT.

2. The exemption of Ukrainian hotels from Booking.com's commission fee post-invasion exemplifies the impact of external dependencies on organizational finances. This change in commission policy by Booking.com and other OTAs reflects the hotel industry's dependence on external platforms for online visibility

and bookings. The hotels relied heavily on these platforms to reach potential guests and drive bookings, making them vulnerable to the commission fees imposed by OTAs. The exemption of this fee for Ukrainian hotels post-invasion highlights the shift in the external dependencies of the hotel industry, reducing reliance on OTAs for revenue generation. However, this also underscores the importance for hotels to diversify their distribution channels and reduce dependency on any single platform to mitigate risks associated with external dependencies in the future.

3. The event "Kyivness," which utilized a substantial portion of the BURSA Hotel complex, served as an opportunity for additional exposure. Despite not directly compensating the hotel for the use of its facilities, the event provided valuable exposure, highlighting the importance of external partnerships and opportunities for visibility in enhancing organizational resilience and sustainability.

4. The influx of individuals relocating to Kyiv as a safer location amidst the war represents a change in the hotel's target audience and consumer base. As more people seek refuge in the city, BURSA Hotel Kyiv needed to adapt its marketing strategies and service offerings to cater to the needs and preferences of this new demographic. In the context of RDT, the hotel's ability to identify and respond to the shifting needs of its evolving consumer base will be crucial for maintaining its competitive edge and sustaining long-term viability.

5. The currency fluctuations and inflation resulting from the war have significant implications for consumers' purchasing power and spending behavior. As the value of the local currency fluctuates and inflation rates rise, consumers may experience a decline in their real income and discretionary spending capacity. In this case, RDT highlights the role of external dependencies, such as economic conditions and market dynamics, in shaping organizational behavior and decision-making. In response to these challenges, BURSA Hotel Kyiv may need to adjust its pricing strategies, introduce cost-saving measures, or diversify

its revenue streams to mitigate the impact of economic instability on its financial performance. By proactively managing external dependencies and adapting to changing market conditions, the hotel can enhance its resilience and ensure continued growth amidst the uncertainties of war.

6. In February 2023, BURSA Hotel experienced a surge in business due to the influx of journalists covering the one-year mark of the full-scale invasion. This increase in demand for accommodation can be seen as a manifestation of the hotel's dependency on external factors, such as significant events in the geopolitical landscape. The hotel's ability to capitalize on this external dependency by fully booking all 33 rooms demonstrates how its operations are influenced by its reliance on external resources, such as media coverage and events related to the conflict. Additionally, the substantial revenue generated during this period reflects the hotel's success in leveraging its external dependencies to achieve financial gains.

In conclusion, the application of Resource Dependency Theory (RDT) to the analysis of BURSA Hotel Kyiv's operations amidst the threat of war reveals several key insights. The hotel's reliance on external resources, such as electricity supply and online booking platforms, underscores the vulnerability of its operations to disruptions in its external environment. The blackout periods caused by intensified missile attacks and changes in commission policies by OTAs exemplify how external dependencies can directly impact the hotel's operations and finances. However, opportunities such as the "Kyivness" event and the influx of individuals relocating to Kyiv present avenues for enhancing the hotel's resilience and sustainability through strategic partnerships and targeted marketing efforts.

Furthermore, the shifts in consumer behavior resulting from currency fluctuations and inflation highlight the importance of adapting to changing market conditions to maintain competitiveness. By identifying and responding to the evolving needs of its consumer base, BURSA Hotel Kyiv can mitigate the

impact of economic instability on its financial performance and ensure long-term viability. Overall, the analysis underscores the importance of proactive management of external dependencies and adaptation to changing market dynamics in navigating the uncertainties of war and sustaining growth in the hospitality industry.

2.2.2 Resource-based view

Resource-based view (RBV) focuses on the internal resources and capabilities of an organization as sources of competitive advantage. In the context of BURSA Hotel Kyiv facing the war, RBV can be used to analyze how the hotel's internal resources, such as its human capital, physical assets, and organizational processes, are leveraged to navigate the challenges posed by the conflict. By applying RBV, I explored how BURSA Hotel Kyiv's combination of limited resources and capabilities enables it to adapt to changing circumstances, mitigate risks, and maintain resilience in the face of adversity. Additionally, RBV can be used to assess how BURSA Hotel Kyiv's strategic decisions, such as investments in security measures or diversification of revenue streams, are aligned with its internal strengths and external opportunities to sustain competitive advantage despite the threat of war.

From the perspective of Resource-Based View (RBV), BURSA Hotel Kyiv's internal resources and capabilities, such as its human capital and brand reputation, serve as sources of competitive advantage that enable the hotel to withstand the threats posed by war and maintain its market position. For instance, the hotel's human capital, comprising skilled employees and management personnel, plays a pivotal role in ensuring operational resilience and service excellence amidst the uncertainties of conflict. Through targeted investments in employee training and development, BURSA Hotel Kyiv can enhance its workforce's ability to adapt to changing circumstances, deliver exceptional guest experiences, and uphold the hotel's reputation for hospitality excellence.

Additionally, the hotel's brand reputation serves as a valuable asset in times of crisis, providing a foundation of trust and credibility that reinforces customer loyalty and confidence in the face of war-related disruptions. By leveraging its internal resources and capabilities in alignment with RBV principles, BURSA Hotel Kyiv can navigate the complexities of war-induced challenges and emerge stronger and more resilient in the post-war landscape.

RBV emphasizes the strategic importance of internal resources and capabilities in achieving sustained competitive advantage. BURSA has grappled with a significant challenge of being understaffed, which has been its primary obstacle. The breakdown of recent activities clearly revealed the lack of capacity to effectively manage crises in real-time, thereby impacting the well-being and performance of staff members. The increased demand during power outages underscores the importance of operational flexibility and adaptability in mitigating the impact of external disruptions. Moreover, the experience highlights the need for BURSA Hotel Kyiv to reassess its staffing strategies and resource allocation to better accommodate fluctuating demand levels during crisis situations. Despite the staffing challenges, Supra's team persisted in serving its guests, showing strength amid challenges.

Overall, navigating the complexities of operating a hotel complex during active war requires a strategic approach that balances resource dependencies with internal capabilities and external opportunities. By effectively managing resources and leveraging their unique strengths, the hotel complex can position itself for resilience and success, even in challenging circumstances.

2.3 LLC BURSA Hotel Kyiv's corporate social responsibility

Corporate social responsibility (CSR) is an integral aspect of any organization's ethos, reflecting its commitment to making a positive impact on the communities it serves. For BURSA, corporate social responsibility goes beyond conventional business practices, encompassing a range of initiatives aimed at supporting humanitarian causes, fostering community engagement, and addressing challenges the society of Ukraine is facing at the moment. This subchapter delves into BURSA's corporate responsibility efforts, highlighting its contributions to humanitarian missions, community support initiatives, and employee welfare programs amidst the backdrop of war and adversity.

At the onset of the war, BURSA demonstrated its commitment to corporate responsibility by donating essential supplies such as food, medications, toiletries, and pillows with mattresses from the hotel rooms. This initiative aimed to support those affected by the conflict and alleviate their immediate needs during a time of crisis.

In partnership with Kyiv Volunteer and the "Help for the South" humanitarian mission, BURSA initiated fundraising and collection drives to support the people of the South, particularly the Kherson region, caused by the collapse of the Kakhovka hydroelectric power plant. The campaign focused on collecting clothes, food, water, and medications to aid those affected by the disaster.

BURSA actively participated in initiatives led by Pryvit Help and Blood Agents Ukraine to raise awareness and facilitate blood donations for emergencies and military needs. Additionally, the hotel collaborated with Pryvit Help to raise funds for the "Pryvit Susid" initiative, which aimed to provide essential supplies such as warm clothing to military personnel stationed in conflict zones.

BURSA's commitment to corporate responsibility extends to its employees, as evidenced by initiatives to support staff members with relatives

serving in the military. For example, the SUPRA restaurant's menu includes a QR code link enabling the guests to donate to a staff member's father, who is actively serving in the military. This initiative reflects BURSA's dedication to supporting its employees and their families during challenging times.

BURSA Hotel complex actively engages with the community through various fundraising events, including fundraising evenings at the 1818 rooftop bar. These events serve as platforms to raise funds for initiatives such as purchasing a car for friends in the army or supporting charitable organizations like Kyiv Angels. Through these events, BURSA demonstrates its commitment to making a positive impact on the community and supporting causes that align with its values.

Overall, BURSA Hotel Kyiv's corporate responsibility initiatives exemplify its dedication to social responsibility, community engagement, and employee welfare. By actively participating in humanitarian missions, supporting community initiatives, and prioritizing employee well-being, BURSA contributes to building a more resilient and compassionate society amidst the challenges of war and adversity.

Chapter 3. Ways of improvement of LLC BURSA Hotel Kyiv

In this section, I offer strategic guidance for BURSA Hotel Kyiv after evaluating its present operational status, challenges, and seized opportunities. Utilizing insights derived from scrutinizing BURSA's functions and external circumstances, such as the SWOT analysis, recommendations are outlined to bolster its competitive stance, enhance staff involvement, and cultivate a culture centered on corporate social responsibility.

3.1 Improving Strengths

In the SWOT analysis of Bursa, one of the key strengths highlighted is the team, emphasizing the pivotal role they play in ensuring guest satisfaction. When the team is content and motivated, they go above and beyond to ensure that every guest's experience is not just enjoyable but truly exceptional. At Supra, ethos revolves around providing friendly and attentive service, and this dedication has been repeatedly acknowledged through the numerous compliments and expressions of gratitude they receive from the guests for the welcoming atmosphere Bursa cultivates.

It is paramount for BURSA to place the utmost importance on the welfare of its employees. This can be achieved by not only offering competitive compensation packages but also by providing or initiating a comprehensive access to wellness programs to ensure the physical and mental well-being of its staff. Creating a supportive and nurturing work environment is essential, where employees feel valued and respected. Moreover, the acknowledgment and rewarding of employee contributions, coupled with opportunities for career growth and advancement, are vital elements in enhancing organizational commitment. Additionally, soliciting regular feedback from staff members will

not only demonstrate a commitment to their development but also foster a sense of belonging and ownership within the organization.

BURSA must actively foster an environment of open communication and transparency throughout the organization to cultivate a sense of value, belonging, and awareness among its employees regarding significant decisions and developments. Instituting regular avenues for feedback and dialogue, such as conducting employee surveys and organizing monthly check up meetings will not only facilitate the exchange of ideas and concerns but also nurture a culture of trust, collaboration, and engagement.

Conversely, it is imperative for the management to recognize employees as more than just resources. Instances have shown that employees have often felt marginalized or undervalued in comparison to the management, resulting in negative sentiments. According to the theory of hierarchical differentiation (Blau, 1970) and consequent research in this area (Weis et al., 2022), status differentiation among employees is one of a strong factor, which negatively affects employee performance. In fact, reduction in status difference signs increases performance as it serves as a way toward a flatter organization. Therefore, I recommend Bursa to implement steps toward this goal. This can be achieved, for example, by regular all-employees (town-hall) meetings where important information is shared with everyone. This is an effective way or reduction status differences as it cancels differentiation among employees in terms of who has information and who does not have it. This way all staff will be empowered to take timely informed initiative and provide timely informed suggestions. This has a potential to increase the much-desired Bursa's flexibility. Therefore, it is crucial for the management to actively work towards bridging this gap and ensuring that all employees feel equally respected, supported, and appreciated within the organization.

3.2. Minimizing Weaknesses

To address the issue of understaffing, Bursa should reevaluate its financial plan and explore avenues for expanding its workforce. Currently, team members often find themselves shouldering additional responsibilities beyond their original roles, resulting in overwork for some and discontent for others. This imbalance in workload not only exacerbates the challenges of understaffing but also fosters a sense of disunity within the team. By rectifying this issue and ensuring a more equitable distribution of tasks, Bursa can alleviate strain on its staff and foster a more cohesive work environment. This can be achieved by thorough job analysis of each position to understand what roles and responsibilities overlap and can be assigned to fewer individuals, thus letting other employees more fully fulfill other responsibilities.

Given the unpredictable nature of the current geopolitical situation, BURSA should prioritize enhancing its crisis preparedness and response capabilities. This includes developing contingency plans, conducting regular drills and training sessions, and investing in infrastructure and technology to ensure the safety and security of guests and staff during emergencies.

Financial limitations pose a significant obstacle to Supra's capacity to invest in quality upgrades and expand its workforce. These constraints lead to project stagnation, particularly evident in the marketing department, where innovative ideas frequently fail to materialize due to budgetary restrictions. As a result, Supra struggles to keep pace with evolving industry trends and capitalize on new opportunities for growth and development. I would suggest Bursa to take active steps toward attracting foreign investments. Bursa has all the features for this (attractive location, good brand, excellent human capital). Of course, it is not easy to do during the war, however, it is necessary to remember that FDI is always interested in being the first in accessing new markets and opportunities (Trevino & Daniels, 1995). Bursa can be a very attractive new investment location for investments.

Additionally, the recent appointment of a new financial director at Bursa has imposed tighter constraints on restaurant staff members. This shift has resulted in limitations on the provision of complimentary food and drinks to guests, a practice previously common at Supra. Consequently, staff members have observed a decrease in the amount of tips received from guests, further exacerbating financial pressures and contributing to morale issues among the team. To address this issue, I would suggest Bursa to conduct trainings in communication for its personnel, helping employees develop better abilities to easily and pleasantly talk with guests. Establishing friendly connections with guests thanks to such communication can serve as a method toward motivating guests toward being more generous.

3.3 Increasing Corporate Social Responsibility

CSR is currently limited to humanitarian initiatives. Amidst wartime challenges, BURSA should expand its corporate social responsibility efforts beyond humanitarian initiatives to address broader societal and environmental concerns. BURSA should adopt sustainable business practices aimed at minimizing its environmental footprint and promoting responsible tourism and consumption in general. This includes implementing energy-saving measures, reducing waste and carbon emissions, recycling and eliminating food-waste as much as possible, and sourcing products and services from eco-friendly suppliers. By demonstrating a commitment to sustainability, BURSA can attract environmentally conscious guests and differentiate itself in the market. Additionally, with sustainable business practices gaining traction in the tourism industry, BURSA can position itself as a leader in promoting responsible and ethical tourism practices.

BURSA could also actively engage with the local community through philanthropic initiatives, volunteer programs, and partnerships with nonprofit organizations. This could involve supporting causes related to humanitarian aid,

environmental sustainability, and social welfare, aligning with the hotel's values and priorities. Additionally, leveraging its position as a hub for foreigners invested in Ukraine's improvement, especially in areas like environmental conservation and urban development, BURSA has a unique opportunity to reignite community engagement efforts. With the previous management fostering numerous community-oriented experiences before the invasion, now is an opportune time to resume and expand such initiatives, capitalizing on BURSA's role as a gathering place for individuals striving to make positive contributions to Ukraine's development.

In conclusion, by implementing these strategic recommendations, BURSA Hotel Kyiv can enhance its competitive position, strengthen employee engagement, and demonstrate leadership in corporate social responsibility, ultimately positioning itself for long-term success amidst the challenges of the current geopolitical landscape.

Conclusion

This work paints a comprehensive picture of the intricate challenges faced by businesses amidst the backdrop of war and conflict, using BURSA Hotel Kyiv as an example of a local Ukrainian business which was directly affected by war. It underscores the multifaceted impact of Russia's war, ranging from economic losses to humanitarian crises, and the resilience displayed by businesses in navigating these turbulent times. Hence, this thesis seeks to contribute to the broader understanding of the relationship between war and local businesses.

The analysis highlights the importance of adaptability, innovation, and strategic management in overcoming obstacles and seizing emerging opportunities. BURSA Hotel Kyiv's journey reflects the broader narrative of businesses grappling with uncertainty and upheaval while striving to maintain operational continuity and uphold their commitment to stakeholders. The analysis was drawn from both theoretical insights and empirical data gathered during an internship at the hotel, providing a comprehensive understanding of the business's response to wartime challenges.

The strategic recommendations outlined for BURSA Hotel Kyiv are aimed at addressing various aspects of its operational landscape to ensure sustainable growth and success, especially in the environment of uncertainty and risk. By focusing on enhancing strengths, minimizing weaknesses, and increasing corporate social responsibility, BURSA can position itself as a leader in the hospitality industry while fostering a positive work environment and contributing to the betterment of the community.

The emphasis on improving employee well-being and organizational commitment underscores the importance of nurturing a supportive work culture where employees feel valued, respected, and motivated to excel. By offering competitive compensation packages, providing access to wellness programs, and

fostering open communication channels, BURSA can cultivate a workforce that is dedicated, engaged, and empowered to deliver exceptional service.

Addressing weaknesses such as understaffing and financial constraints requires proactive measures to reevaluate resource allocation and streamline operational processes. By investing in workforce expansion, crisis preparedness, and innovative marketing strategies, BURSA can overcome these challenges and remain competitive in a dynamic marketplace.

Furthermore, expanding corporate social responsibility efforts beyond humanitarian initiatives to encompass broader societal and environmental concerns is essential for BURSA's long-term sustainability. By adopting sustainable business practices, engaging with the local community, and leveraging its position as a catalyst for positive change, BURSA can demonstrate its commitment to responsible tourism and contribute to the overall well-being of society, also attracting new audiences of potential guests.

In essence, the strategic recommendations outlined in this analysis provide a roadmap for BURSA Hotel Kyiv to navigate current challenges and seize opportunities for growth and development. By aligning its actions with these recommendations, BURSA can position itself as a leader in the hospitality industry while making meaningful contributions to employee satisfaction, community engagement, and environmental stewardship.

In the crucible of business, leaders are forged through the trials of competition, innovation, and adversity. The qualities of resilience, decisiveness, and integrity are paramount in navigating the complexities of the corporate landscape, where success often hinges on the ability to adapt to changing market conditions and lead teams through turbulent times.

It is essential to recognize the broader implications of BURSA Hotel Kyiv's experiences for the hospitality industry and business community as a whole. The strategies and lessons learned from BURSA's response to conflict can serve as valuable insights for other businesses facing similar challenges, guiding them in

navigating crises with resilience and integrity, which greatly resonate with the purpose of the work.

Ultimately, by implementing strategic recommendations aimed at enhancing competitiveness, strengthening employee engagement, and demonstrating leadership in corporate social responsibility, BURSA Hotel Kyiv can position itself for long-term success and contribute to broader efforts towards peace, stability, and recovery in the face of conflict.

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