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The Stimulation of Entrepreneurial Activity During Wartime: The Experience of Ukraine

Abstract

Objective: The article aims to present different governmental methods and tools for the stimulation of entrepreneurial activity in Ukraine during the full-scale war period. The purpose is to emphasise the necessity of SMEs' governmental support due to the sharp economic decline.

Research Design & Methods: The article uses secondary data analysis, desktop research, case-study method, as well as methods of analysis and synthesis.

Findings: The research suggests that scholars from developed countries underline mainly indirect influence of the state support through creating a favourable environment for fostering SMEs' growth and performance. On the contrary, scholars from developing countries with transitional economies focus mostly on the direct governmental support, which is the relevant case of Ukraine. These direct methods of support (grants, affordable loans, deregulation) have proved to be efficient since their implementing.

Implications / Recommendations: This paper may be crucial for researchers of entrepreneurship development in transitional economies in crisis periods. Also, it may be useful for policymakers, whose task is to foster economic growth through SMEs.

Contribution / Value Added: This paper benchmarks different approaches of developed and developing countries to the governmental support of SMEs. The article showcases the experience of Ukraine.

Keywords: entrepreneurship, governmental support, SMEs, governmental grants, loans, business

Article classification: research article

JEL classification: H7, O52, E650

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Introduction

Entrepreneurship is traditionally considered one of the key drivers of economic development and growth. Due to entrepreneurship, an increase in the standard of living of the population is achieved, hence the so-called middle class is formed, which in many countries is the driving force for progressive changes in society. Successful development of entrepreneurship is determined not only by the ability of the entrepreneur themselves to conduct this activity and take on costs and risks, but also by the ability of the state and local authorities to create favourable conditions.

As Friedman (2011) noted, entrepreneurship is a very vital ingredient for job creation as well as economic development, since the success of income generation for the major group of both rural and urban inhabitants without recognised paid job highly depends on entrepreneurship. The relationship between entrepreneurship and economic development has received a great deal of attention at the municipal, state, and federal levels. One of the latest studies of the influence of the development of SMEs, access to venture capital, ease of doing business, etc. on the indicators of the country's economic development is carried out in the paper of Nazarov and colleagues (2022). It demonstrates a positive impact, which once again proves numerous theses of scientists from all over the world.

Entrepreneurship is also about a sufficient level of economic freedom, which forms a passionate creative class capable of fostering changes in society. Another integral feature of entrepreneurship is the creation and implementation of innovations that have economic value, provide a change in the technological structure, and contribute to fostering economic growth.

Minniti (2008) emphasised the increasing attention of governments to entrepreneurship and a variety implementation tools and policies.

Ukraine belongs to the countries with a transitive economy and is listed in the group C (countries with insufficiently favourable conditions for the development of entrepreneurship) according to the GEM index (2023). Suffering full-scale invasion, which started in 2022 and significantly reduced the indicators of economic development (GDP in 2022 fell to 29%), the government launched business support programmes, so it is worth turning to the experience of countries that use similar measures and actively implement them.

Literature review

The issue of state support for entrepreneurship has been a subject of significant interest in recent years, particularly in developing countries. However, the COVID-19 pandemic and the accelerated innovative leap into the information society have also drawn the attention of scholars from developed countries, especially concerning the support of technological innovations. In this article, literature review addresses entrepreneurship as a whole.

The work of Ratinho and colleagues (2020) conducts a critical review of scientific research on entrepreneurship support for the period 2003–2015, analysing 122 academic articles. An important conclusion from this study is that, in addition to critical remarks regarding theoretical justification, methodology, and the quality of sample data, the authors summarised the most significant measures of state support for entrepreneurship highlighted in the reviewed articles, which are termed “policy discourse.” The researchers asserted that a detailed analysis of academic articles did not allow for a definite conclusion about which specific methods of state support for entrepreneurship are effective. The authors emphasised that, given the increasing state investment in entrepreneurship

support worldwide, this conclusion is quite alarming. We believe that the effectiveness of state support methods will vary across different countries and types of economies, so the absence of a single consensus on effective methods can be considered logical.

European studies from the first decade of the 2000s focused on state policy regarding entrepreneurship as a whole and debated the merits of direct versus indirect support methods. For instance, the work of Minniti (2008), which summarises theoretical and empirical research on entrepreneurship from the early 2000s, concludes that the primary objective of state policy for fostering entrepreneurship in low-income countries is to create a favourable institutional environment that encourages active economic agents to start their own businesses. Direct state intervention in business development, on the other hand, often indicates distortions in the economy. Consequently, the government should strive to create favourable conditions for the division of labour, the commercialisation of inventions, and exchange, as excessive public involvement without the cooperation of the private sector can hinder entrepreneurs by causing potential market distortions.

Researchers Perren and Jennings (2005) examine the issue of state support for entrepreneurship in the media context. Based on the analysis of central and local government business support websites, they conclude that governments often exaggerate their role and significance in the development of entrepreneurship and frequently attempt to portray entrepreneurs as lacking capability and being controllable. The researchers express indignation at such an informational policy and call on governmental bodies to show greater respect for entrepreneurs.

The latest paper (Luz et al., 2024), conducted in 21 European countries for the period 2003–2018, highlights the relationship between economic, social, and governmental conditions and entrepreneurial performance. It considers opportunity entrepreneurship (OPP), necessity entrepreneurship (NEC), and total entrepreneurial activity (TEA). The results demonstrate positive and significant correlation between government indicators and GDP per capita, and government expenditure and NEC. Economic and governmental conditions have a negative impact on TEA, in contrast to a positive and negative impact on NEC. The researchers do not focus on methods of state support for entrepreneurship, but evaluate it as a whole.

In the study of the impact of entrepreneurial mentality on the sustainability of SMEs, conducted by scientists from Korea Tae-Ho-You and Yen-YooYou (2020), the authors revealed that the Republic of Korea's governmental support policy has an impact on sustainability.

An empirical study conducted by Kaya (2019) on the impact of federal and state governmental support on the performance of small businesses in the USA found that neither federal nor local support has a significant impact on entrepreneurship in general. However, this support is crucial for the performance of small businesses and the optimism of their owners regarding future expectations. Additionally, states that develop local-level support measures for small businesses tend to attract more entrepreneurs.

Summarising studies from developed countries, it is noted that researchers commonly emphasise indirect support measures, specifically the creation of favourable conditions, an appropriate environment, and an ecosystem that promotes the development and high performance of entrepreneurship (SMEs).

In contrast, researchers from developing countries underline the key role of the state in the development of entrepreneurship and focus more on direct business support measures.

Malaysian scholar Onielowo (2024) emphasises the crucial role of the government in fostering entrepreneurship. The study highlights, though in our view insufficiently substantiates quantitatively,

the positive relationship between entrepreneurship development and economic growth, with the government being one of the three key factors in stimulating entrepreneurship through support programmes, implementation, and financing. The author identifies proactive support measures, such as direct financial support and tax incentives, and passive methods, such as creating a conducive environment for entrepreneurship development. The author notes that governmental entrepreneurship support programmes are most prevalent in developing countries. Other researchers from Malaysia, e.g. Aziz and colleagues (2021), focus on the role of the state in supporting young entrepreneurs to address the issue of high youth unemployment. They conclude that the governmental factor provides a significant mediating role, and both talent demand and positive significance towards talent shortage.

A scholar from Bangladesh, where SMEs constitute 99% of private industrial businesses, Sadekin (2023), studies the impact of four factors on the performance of entrepreneurs under the patronage of the special government corporation BSCIC: competitive edge with large-scale industry, financial technical support, marketing initiatives, and government initiatives. The study identifies a negative impact of government initiatives. The researcher also emphasises the crucial role of micro-entrepreneurship as an effective means of poverty alleviation, given that most of the population in the country is poor and unskilled. State support is described primarily in indirect measures aimed at creating an enabling the environment, such as the development of banking services, business lending systems, access to raw materials, and transportation. The author refers to the experiences of Sri Lanka and Pakistan, where special financial institutions have been established to support business development. The negative result of government policy on small business performance, as noted by the author, may be explained more by the insufficiency of this impact rather than a negative effect.

Researchers from India, Acharya and Dixit (2019), focus their study on the evolution of entrepreneurship in the knowledge economy, the role of business incubators and accelerators in the development of innovative technological entrepreneurship, as well as the role of the state in nurturing a generation of innovative entrepreneurs through business incubators. The state's role is manifested in launching governmental support programmes for start-ups aimed at creating a suitable ecosystem. Among the support measures, regulatory simplification and grant support are also mentioned. The researchers identify a positive correlation between grant support for start-ups and their revenues. Other Indian scholars (Dhanapal et al., 2024) emphasise the importance of students' awareness of governmental entrepreneurship support programmes, which, in their opinion, will better encourage students to establish their own start-ups.

Researchers on governmental support for entrepreneurship development in Africa (Ajayi-Nifise et al., 2024) underline the crucial role of the government in stimulating SMEs. This includes tax incentives, access to financing through special government programmes, initiatives promoting innovation and research, regulatory acts, and the creation of an entrepreneurship support ecosystem. The scholars highlight the diversity of tools in different African countries, but note two common problems in entrepreneurship development across the continent: limited access to capital and infrastructural constraints, which they consider unique. The researchers propose adopting best practices from the United States for governmental business support, such as tax incentives in the form of reduced taxation on specific expenditures (e.g. capital purchases, research), and financial incentives for reinvestment in businesses. Another suggested practice is fostering an entrepreneurial culture by creating a safe, organic environment that encourages business development, promoting innovation funds willing to support businesses in their early

stages, and creating government programmes that attract large private capital to financially support small businesses.

In a study by Leonard (2024), the findings reveal a contextual and methodological gap concerning government subsidies and entrepreneurial activities. The results emphasise the significance of government subsidies in stimulating entrepreneurial activities by addressing critical barriers such as access to finance, technology, and market opportunities. Subsidy programmes have been pivotal in fostering innovation, supporting startup ventures, and driving economic growth across diverse sectors and regions. However, the effectiveness of subsidies is contingent upon factors such as the design of the subsidy programme, the institutional context, and the characteristics of the entrepreneurial ecosystem. While some subsidy programmes have demonstrated positive outcomes by increasing the number of new ventures and promoting innovation, others have faced challenges such as bureaucratic inefficiencies, a misallocation of resources, and unintended consequences. Moving forward, policymakers need to strike a balance between providing targeted support for entrepreneurship and avoiding potential pitfalls such as market distortions and dependency on governmental assistance. By adopting evidence-based approaches, promoting stakeholder engagement, and fostering a culture of entrepreneurship and innovation, governments can harness the transformative power of subsidies to create an enabling environment for sustainable entrepreneurship and inclusive economic growth (Leonard, 2024, p. 36).

A study from Nigeria (Salami et al., 2023) is devoted to the influence of the state policy of entrepreneurship regulation in general on the entrepreneurship development through its growth. However, the authors do not distinguish individual components of this policy, so it is not clear from the research which instruments of state policy exert a significant influence on the development of entrepreneurship in the country.

Instead, Kenyan researchers Musamali and Moyi (2020) focus on the gender effect of governmental entrepreneurship support programmes, namely the available credit, and show that governmental credit does not necessarily increase the rate of entrepreneurship. The results indicate that access to governmental credit does not significantly affect the rate of opportunity entrepreneurship using three different algorithms. The failure of governmental credit to impact opportunity entrepreneurship may be attributed to the low penetration of such credit. Such impact is not surprising. Access to such a credit requires applicant legalisation. Since most small entrepreneurs in the country are not officially registered and do not have bank accounts, thus being part of the shadow economy, they cannot access such loans. In these conditions, we consider that the government should start with creating incentives to bring the economy out of the shadows.

A researcher of the role of governmental involvement in the development of entrepreneurship in Nepal, Rahman (2024), notes that the government of the state is supporting start-ups by giving assistance in the way of start-up capital, incubations, resources to broaden awareness, inspiration, and more meeting space for the newest innovation. This will definitely contribute to the economic development. The scientist has empirically investigated the impact of 25 methods of state support on the development of SMEs in one of the regions of Nepal and has come to the conclusion about the significance of each instrument.

Ukrainian researchers in recent years have been focusing on the conceptual issues of state support for entrepreneurship. Thus, the work of H systematises the forms and methods of state support for SMEs during COVID-19. The authors substantiate the growing attention of the state to SMEs support during the pandemic and systematise the forms and types of such support in the EU countries. Thus, across European countries, the most widely used macroeconomic instruments

in response to the coronavirus crisis were income and profit tax deferrals, loan guarantees and direct lending to SMEs, and wage subsidies. Structural policies have been used modestly, with a focus on digitalisation, although over time the number of countries setting up such policies has increased. The use of grants, debt moratorium, and specific measures for the self-employed is mixed and highly different. Studying the development of SMEs in hospitality sphere, scholars (Hushtan & Korsak, 2024) emphasise the importance of close cooperation of SMEs with state and local authorities in terms of support, development promotion, investment prospects, and the implementation of European legislation in the activities of such enterprises.

Thus, governmental support of entrepreneurship is a controversial issue, but in crises periods, especially under the martial law, we believe in the necessity of such a support.

Research methodology

During the research process, various methods were used in order to analyse and assess the stimulation of entrepreneurial activity during wartime in Ukraine. They include the comprehensive analysis of continuous and recent publications, methods of analysis and synthesis, and desk research method, which envisages analysing and summarising secondary data on the example of Ukraine. Governmental grant programme efficiency is assessed by the ratio method. The authors interpret grant efficiency through the relationship between the amount of taxes returned and the amount of grants awarded. The application of all the methods indicated here enables the understanding and comprehension of the studied problem.

Results and discussion

The percentage of SMEs in Ukraine has always been significantly lower than average in the EU. However, the situation changed when COVID-19 started, and later during the wartime SMEs became the main job providers despite their decreasing quantity. Thus, according to statistical data as for 2019, small and medium-sized enterprises in Ukraine contributed 55% of the gross domestic product to the country's economy, while the share of small enterprises is only 16% of GDP; the same index in the EU is twice as high (Omelianenko & Korotkova, 2020). Later on, in 2021, SMEs became the basis of Ukraine's economy, generating 60% of GDP, creating 7 million jobs, and providing 40% of tax revenues. The following tendency preserved even in 2022, when, according to the results, 6.1 million people or 82% of all the employed worked in the sector of small and medium-sized enterprises, though the number of SMEs decreased to 11.7 million and became 11.4% lower compared to 2021 (Fedorchuk, 2023).

The full-scale invasion in 2022 caused not only terrifying damages but also economic losses. In 2022, 31.7% of enterprises completely stopped their work. The total loss of SMEs' revenue in 2022 compared to 2021 was 31.2% and, consequently, the national economy of Ukraine lost 29.2% of its real GDP (Figure 1).

Therefore, to sum it up, one can assume that without the governmental support, Ukrainian SMEs would collapse. All the methods of SMEs' governmental support are regulated by the Law of Ukraine and are classified as follows:

- simplified accounting and taxation system;
- financial support: grants and loans;
- deregulation: the simplification of permit procedures and document flow;

- the involvement of SMEs in public procurement;
- the stimulation of the innovations development;
- informational and consulting support.

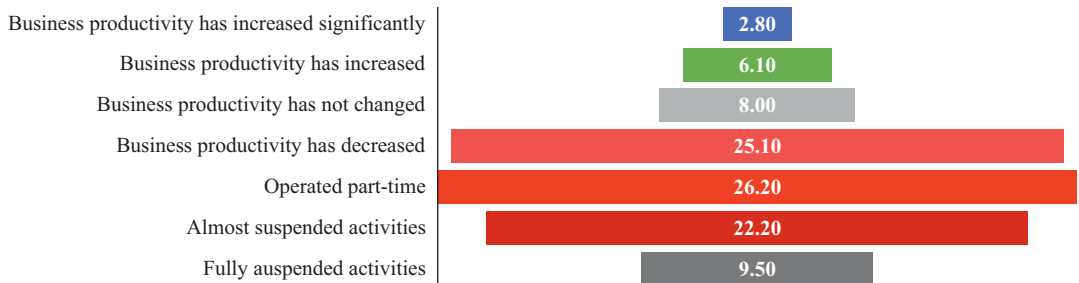


Figure 1. Business results in 2022 compared to 2021 [in %]

Source: Dligach, 2023.

The presented research deals in details with deregulation, financial support, information, and consulting support. Business deregulation is an important direction of state policy aimed at reducing state regulation of entrepreneurship. About 20,000 legal acts relating to the regulation of business activities are currently in force in Ukraine (Figure 2). However, according to research (Goriunov et al., 2023), the cost of regulation in Ukraine corresponds to the European average.

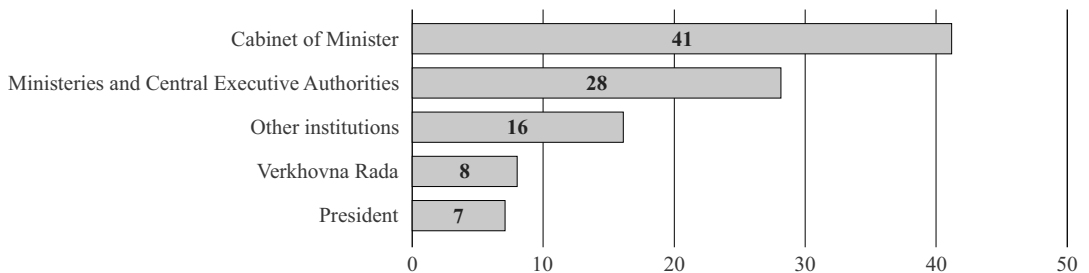


Figure 2. The structure of legal acts by publishers [in %]

Source: Goriunov et al., 2023.

Deregulation directions implemented in two waves:

- **the 1st wave – 2014–2019** (during this period, the executive authorities reviewed 3,215 legal acts within the framework of business deregulation and more than 700 of them were cancelled; the digitalisation of regulatory services has intensified); digitalisation in 2019, which implemented online registration of an individual entrepreneur private business, became a milestone for business deregulation and support;
- **the 2nd wave – 2021 till now**. In total, more than 1,000 instruments were considered, of which it was decided to cancel 235, to change 537, and to leave 238. Further processing of these decisions continues; as of now, 54 regulatory instruments have been cancelled.

All these steps were aimed at the procedures of simplification, cancellation, and a review of legal acts.

The next method which needs a closer look and further clarification is the financial support, namely the governmental one. It is presented by the programme of Affordable loans 5%–7%–9%. The programme of affordable loans was initiated as a response to the COVID-19 pandemic, but it proved its efficiency under the wartime, too. During five years, it was significantly changed: large businesses were added and excluded, the goals and areas of lending were expanded.

According to the programme, the Government covers the interest rate difference for the participating banks (at the end of 2023, the average interest rate in Ukraine not under the Programme 5%–7%–9% exceeds 20% per annum; such interest rates are considered to be rather low in Ukraine). To receive a loan, an entrepreneur must have at least three years of experience, must have no tax debt, and must draw up a business plan.

Thus, as of December 2023, about 40% of the net *hryvnia* loan portfolio of Ukrainian banks consisted of loans at preferential rates and 90% of new business loans during the full-scale war were issued precisely within the Programme.

The list of the types of affordable loans became wider during martial law period, especially in the support of agriculture and related industries, as well as business refinance (Table 1).

Table 1. Affordable loans 5%–7%–9% – classification

2020–2021	2022–2023
Anti-war	Anti-war
Anti-crisis	Anti-crisis, energy, processing (agriculture), trade companies
Investment	Business support, investment, investment 2023
Sowing campaign support (agriculture)	Sowing campaign support (agriculture), sowing campaign 2023 support (agriculture)
Private entrepreneurs support	Private entrepreneurs support
Refinance	Circulation 2023, loan prolongation (circulation), refinance

Source: Kornyluk & Kornyluk, 2024

The popularity of the Programme proves the positive results; for instance, Ukraine had 5.3% GDP growth in 2023. However, the specific impact of this Programme on GDP growth requires further assessment.

Another initiative that proved to be popular among SMEs and successful in Ukraine is the governmental grants programme.

There are 6 types of governmental grants:

1. **Own business** – 6,250 EUR covering acquisitions of equipment, raw materials, and partly managerial expenses. It is available for any type of business, which is required to hire two employees for three years. A business plan is needed to get the grant.
2. **Processing enterprise** – 200,000 EUR covering the acquisition and commissioning of capital assets, including production equipment. It must provide twenty-five jobs for three years. A business-plan is needed.
3. **Orchard** – it is available for entrepreneurs who have owned a land plot from one to twenty-five hectares for at least seven years and have developed a tree planting; they also must create

new jobs depending on the land plot size for a minimum of five years. A special project draft is needed.

4. **Greenhouse** – 175,000 EUR for a modular greenhouse construction project. Entrepreneurs who have owned a land plot for seven years, create minimum fourteen jobs per one hectare of greenhouse area for three year, and have a business plan can apply for the grant.
5. **For veterans** – 25,000 EUR is available when four employees are hired for three years and a business plan is developed.
6. **Miltech** – a grant covering innovative military solutions.

Considering the condition of providing jobs during a three-year period, the grant amount returns back to the budget in the form of salary taxes, therefore maintaining the budget balance. The process of governmental grants funding and control falls under the following four stages:

1. The **application** process is fully digitalised in Ukraine and is realised via a special business-support platform.
2. The **grant decision** is substantiated by certain criteria, e.g. the absence of tax debts or the entrepreneur's age, education, etc. Regional employment centres check business plans, conduct interviews with entrepreneurs, and make decisions on the funding.
3. **Funding** – entrepreneurs do not get money directly, as the grant amount is accumulated on the Oschadbank Account (the state-owned bank); the bank makes payment for the equipment, raw materials, and other materials.
4. **Control** – the State Tax Administration controls the entrepreneur paying taxes – both their own and their employees' income taxes.

The target use of money is fully guaranteed by having no direct access of the entrepreneur to grant resources. A great popularity of this programme is proved with the latest data showing that the total amount of grants given is 117.5 million EUR. The Own Business programme is the most popular, with 77 million EUR granted, and the Orchards and the Greenhouses programmes are the least popular due to a high number of employees required, though the jobs are predominantly seasonal ones. Currently, the government attention is paid to processing the enterprises in order to refuse the model of the raw material economy; the amount of these grants was 80 million EUR (Ministry of Economy, 2024).

Moreover, each region of Ukraine has a great number of new businesses registered. Even being close to the armed conflict frontline, the entrepreneurs are not afraid of setting up and doing business, demonstrating their trust in governmental support and their belief in Ukraine.

A special attention of research should be paid to the powerful governmental information and consulting support of SMEs, in particular the digitalised *Diia Biznes* ('Access to business') platform. This platform not only aggregates all relevant information regarding the creation and development of one's own business, but also acts as an intermediary in obtaining government grants and conducts active communication policies regarding business development.

The non-government support is represented by external donors, consulting companies as well as think tanks, business schools, and universities. In spite of business development being closely related to the war situation, the results of governmental support programmes still have a positive impact on business climate, which is proved by the following graph (Figure 3).

Figure 3, which demonstrates the growth of entrepreneurial business activity, is an indirect evidence of the grant programme success. To assess the efficiency of SMEs' financial support directly, we will calculate the level of funds return to the state and local budgets of Ukraine in the form of taxes and fees from the grant recipients who have a minimal tax burden and are on

a simplified taxation system. These taxes and fees are: personal income tax (18%), unified social tax (22%), military tax (1.5%), and single entrepreneurial tax (differs across the groups of SMEs).

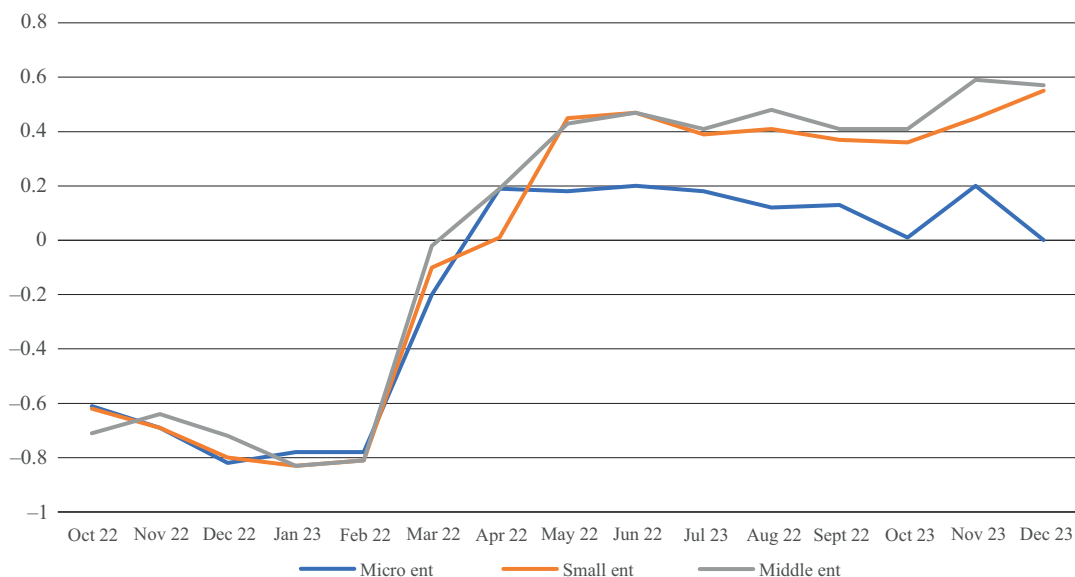


Figure 3. The Index of Business Activity Recovery

Source: Fedorchuk, 2023.

To generalise the calculations, the following assumptions have been made: 1) since small entrepreneurs in Ukraine are divided into three groups according to the type of their activity, and there is statistical information on the percentage distribution of entrepreneurs by groups (13.5% – the 1st group, 37.2% – the 2nd group, and 49.3% – the 3rd group), the percentage ratio among grant recipients is assumed to correspond to the percentage distribution throughout Ukraine; 2) the personal income taxes are calculated on the minimum wage basis; 3) the 3rd group of SMEs has progressive taxation, and the level of the single tax for this group is calculated based on the level of income – 30% of the maximum allowed. It corresponds to the average IT specialist income in Ukraine, which are mainly registered as SMEs of the 3rd group. Table 2 demonstrates the Government Grant Programme Efficiency.

Despite being based on the assumption of a minimal tax burden and the absence of the tax base increase, the table proves high efficiency of the grant programme for the state. Moreover, the programme has a positive impact on the local budgets revenues, since grants are received from the state budget, and taxes are mainly returned to the local budgets, contributing to the financial capacity of local self-governments.

At present, the primary steps towards forming an effective entrepreneurship support ecosystem in Ukraine can be considered accomplished. These steps include the establishment of support centres for SMEs, which are implemented in both physical and virtual formats in Ukraine. There is ongoing robust financial support for entrepreneurship through grants and credits. In recent years, administrative barriers to business creation and regulation have significantly decreased. Innovation support programmes are evolving, along with continuous educational programmes and courses

for current and prospective entrepreneurs. Communication campaigns to support businesses are consistently conducted. However, a challenging issue remains the tax burden on entrepreneurs. Discussions on the periodic cancellation of the simplified system for SMEs in general are raised in governmental structures. A notable success of the entrepreneurship support ecosystem was the creation of the *Diia Biznes* platform.

Table 2. The assessment of the Government Grant Programme Efficiency

Indicator	Year		
	June–December 2022	2023	January–June 2024
The number of grants awarded	3,034	9,462	5,859
The number of working places created	5,725	17,863	11,122
The amount of grants awarded [million UAH]	711.24	2,284.75	1,524.51
Taxes which should be paid per month:			
Personal income + military + unified social taxes (total 41,5% rate) [million UAH]	15.44	49.67	35.46
Single entrepreneurial tax, total million UAH:	15.75	83.35	54.90
1 st group (fixed amount, 13,5% of all SMEs)	0.10	0.34	0.24
2 nd group (fixed amount, 37,2% of all SMEs)	1.47	4.72	3.29
3 rd group (5% from revenue, 49,3% of all SMEs)	14.18	78.29	51.37
Total taxes [million UAH]	31.19	133.02	90.36
Return for the 1 month, %	4.4	5.8	5.9
Return for the end of programme (3 years), %	158	210	213

Source: Own elaboration.

In order to stimulate and develop the entrepreneurial ecosystem in Ukraine, increase the number of entrepreneurs, and advance their contribution to the country's GDP, the state should bring together and coordinate joint efforts of entrepreneurs, governmental structures and programmes, educational institutions, consulting companies and platforms, financial institutions and organisations, as well as international grant-giving organisations.

Despite significant successes in the development of the entrepreneurial ecosystem, it is worth suggesting some directions for its improvement, particularly concerning the financial aspect. Thus, suggestions for improving the financial aspect of the entrepreneurship support ecosystem are outlined in Figure 4.

The activation of business grant support requires beginners to acquire skills in crafting business plans and grant applications in order to secure funding. Educational institutions, employment centres, local *Diia Biznes* offices, and local authorities can provide consultative assistance on this matter.

Simplifying financial and managerial accounting, as well as reporting, and the implementation of FinTech tools will significantly broaden the pool of future entrepreneurs. Therefore, centralising information on modern technological solutions will be a powerful step in the development of the ecosystem.

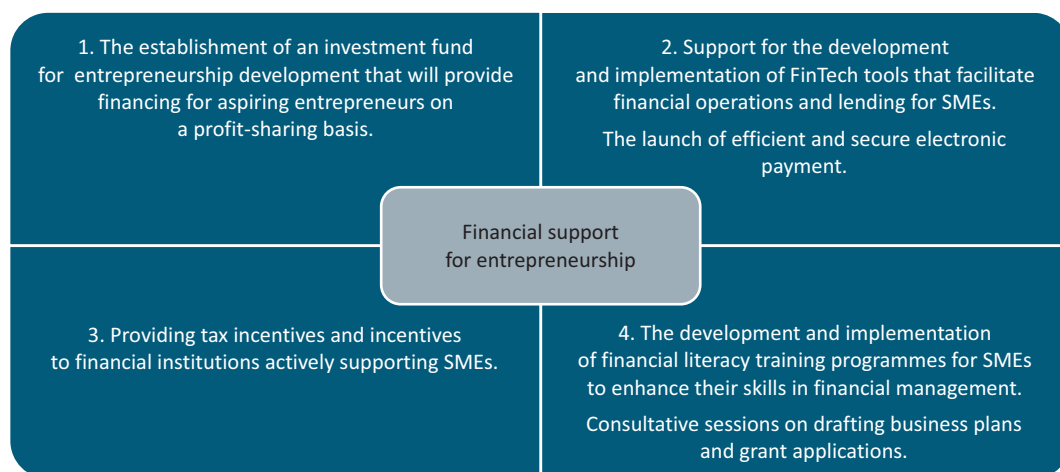


Figure 4. Measures for the development of the financial component of the entrepreneurship support ecosystem

Source: Own elaboration.

Conclusions

A study of international experience, with a focus on developing countries, and a comparison with the measures currently undertaken by the Ukrainian government to support small businesses provides grounds to assert that the business support measures in Ukraine during the war are systematic and aimed not only at direct support, which is often criticised by researchers from developed countries, but also at creating a favourable environment for business development. At the same time, the increasing military needs for the defence of the country compel the government to initiate unpopular discussions, such as the abolition of the simplified taxation and reporting system for SMEs, which we believe will lead to the growth of the shadow economy and an increase in distrust in the government among the population.

Secondary data on the impact of business support measures, presented in this article, demonstrates a positive effect of these measures; however, this effect is short-term and is currently expressed only in the increase in the number of registered businesses and in the revival of business lending due to accessible loans. The Grant Programme efficiency is assessed on the planned data which does not cover all the risks arising during the programme implementation. A comprehensive assessment of the results of state support for SMEs during the war in Ukraine should be conducted in 2–3 years, when it will be possible to observe financial effects in the form of increased tax revenues from businesses, the impact of SMEs on GDP, and other indicators.

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Conflicts of Interest

The authors declare no conflict of interest.

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Data Availability Statement

All data will be available and shared upon request.