

Socioeconomic assessment of micro, small and medium enterprises in Mykolaivska oblast (Ukraine)

December 2023 – February 2024

KEY MESSAGES

- Despite macroeconomic indicators of recovery in 2023 (GDP growth, increased exports, and reduced inflation), **surveyed entrepreneurs reported that their business activities continued to be heavily impacted by economic factors linked to the war.** Key issues raised included decreased demand, rising production costs, logistical problems, excessive tax pressure, and concerns over inflation. Many of these issues were reportedly faced by businesses regardless of the gender of the business owner.
- **Surveyed entrepreneurs in Mykolaivska oblast reported that a lack of qualified workers due to the ongoing war was one of the most important challenges they faced.** With large parts of the workforce displaced abroad or conscripted into the military, entrepreneurs have been forced to change their hiring strategies. This included lowering job requirements and recruiting profiles perceived as less qualified or suited for the role. As a result, surveyed entrepreneurs emphasised the need for additional employee training programmes.
- Shifting gender dynamics, **driven by the mass emigration of women abroad, internal displacement within the country, and the mobilization of men into the army,** brought both opportunities and challenges for women's economic participation. Businesses owners reported seeking to hire women and members of other vulnerable groups to replace positions previously held by men. At the same time, **female business owners more frequently reported financial concerns, and faced specific difficulties with childcare and other domestic responsibilities.**
- **Limited interaction between businesses and local authorities was found to take place.** While a majority of surveyed entrepreneurs believed that state business support was important for the recovery of business following the full-scale invasion, many did not interact with local authorities at all, did not have detailed information about state plans for recovery and development in their area, did not believe that existing plans corresponded to their business interests, and did not use any form of state business support during the past year.

58%

Surveyed entrepreneurs felt a strong impact of gender-demographic changes on their business activity

53%

Surveyed entrepreneurs did not interact with local authorities at all since starting their businesses

CONTEXT & RATIONALE

Russia's is still ongoing invasion of Ukraine, which has lasted for more than two years, now has significantly impacted the country's economic landscape and business environment. As of January 2024, the war caused almost 157 billion USD in direct damage to Ukraine's infrastructure¹. This has led to the emergence of specific barriers to the recovery and development of entrepreneurship, especially for businesses led by women. At the start of the war, 64% of micro, small and medium enterprises (MSMEs) temporarily suspended or closed their businesses². While the vast majority have now resumed their activities, they continue to face significant pressure from financial problems and physical losses of production facilities (buildings, equipment) and labour force. With the assistance of Global Affairs Canada, REACH is conducting a series of socioeconomic assessments to provide informational support to ACTED's implementation of the Securing Women's Economic Empowerment for Recovery and Development (SEED) project. End of 2023-beginning of 2024, REACH Ukraine has conducted research in 4 oblasts: Odeska, Mykolaivska, Vinnytska and Chernihivska. The results of these assessments inform decisions on the type and targeting of assistance programs to support micro and small businesses led by women and raise awareness of standards for market-based programming in early recovery settings.



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ECONOMIC OVERVIEW AND BACKGROUND

Macroeconomic context

Following a sharp 29% drop in real GDP in 2022 after the full-scale invasion, Ukraine's economy grew slightly in 2023, with about 5% growth in real GDP³. Inflation likewise improved after a spike in late 2022⁴. According to surveys from the National Bank of Ukraine, businesses across the country were more optimistic about their near-term performance during October 2023-March 2024 than the same period a year earlier⁵.

Despite these positive economic indicators, serious issues remain. As of January 2024, Ukraine has suffered an estimated \$157bn of direct damage to physical assets like residential housing, infrastructure, and industrial facilities⁶. Large parts of Mykolaivska oblast experienced active hostilities and occupation from February to November 2022, contributing to the oblast's overall damages of \$7.9bn, making it the seventh most-affected oblast⁷. Attacks have so far damaged or destroyed over 600 businesses and 240 infrastructure objects in Mykolaivska oblast⁸, and since the start of the war Mykolaiv city has not had potable water due to repeated strikes on pumping stations⁹.

Before the start of the war, agriculture and industry played a key role in Mykolaivska oblast's economy. The oblast contains more than 2 million hectares of agricultural land, accounting for 5% of Ukraine's arable land. The primary agricultural products are crops (winter wheat, barley, corn, sunflower, sugar beet, vegetable, gourds) and livestock. In heavy industry, mechanical engineering and metallurgy occupied leading places, with the region historically contributing up to 50% of the output of the country's shipbuilding industry, more than 90% of gas turbine production, and 80% of the country's alumina extraction¹⁰.

Much of this agricultural and industrial output transited through Mykolaivska oblast's ports. In 2021, the Port

of Mykolaiv handled 29.87 million tonnes of cargo (particularly grain, processed metals, and vegetable oils), comprising 19.5% of Ukraine's total volume¹¹, and the oblast's ports collectively generated 30-40% of Mykolaivska oblast's economy¹². However, these ports remain closed due to security concerns¹³, as the left bank of the Dnipro Estuary through which these ports access the Black Sea is occupied by Russia.

Business dynamics

In 2023, 900 new companies were registered in Mykolaivska oblast, and 8,000 sole proprietorships (FOPs¹⁴) were also opened (which was a low indicator in the country as a whole)¹⁵. Women accounted for 58% of new entrepreneurs and 33% of directors of new companies in the oblast that same year (the national figures were, respectively, 56% and 31%)¹⁶. In 2024 women continue to open the majority of sole proprietorships in Ukraine, dominating the retail trade and information services sectors, whereas men were more likely to register FOPs focused on computer programming and wholesale trade¹⁷.

Conflict events and ongoing security risks have had a serious impact on the oblast's business environment. After recording severe losses in 2022, the profits of enterprises in Mykolaivska oblast in 2023 only reached 18% of their pre-war level, according to the State Statistics Service. Land demining efforts continue in the oblast, and while much of its agricultural land has been cleared¹⁸, hundreds of thousands of hectares still need to be inspected for explosive ordnance¹⁹. Meanwhile, attacks against energy infrastructure continue to disrupt the supply of electricity to businesses and other consumers.

METHODOLOGY

The socioeconomic assessment of micro, small, and medium enterprises (MSMEs) was conducted using data collected between 4 December 2023 and 2 February 2024. Quantitative data was gathered from 613 representatives of MSMEs across 4 oblasts, including 115 in Mykolaivska oblast. Qualitative data were obtained from 8 individual interviews. How key informants (KIs) were sampled depended on the size of enterprises, which is based on data from the State Statistics Service. The sampling proportionally represents approximately 80% of micro-enterprises (including the self-employed), 15% of small enterprises, and about 5% of medium-sized enterprises. The results are indicative and pertain to surveyed entrepreneurs. Also, data on resumes and vacancies published on the Work.ua portal were obtained using scripts developed in RStudio.

Proportion of KIs by gender, size of enterprise, settlement type

Men 31%  Women 69% 

70% Micro (<10 employees)

16% Self-employed

9% Small (10-49 employees)

5% Medium (50-249 employees)

Urban 79%  Rural 21% 



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CHALLENGES IN CONDUCTING BUSINESS ACTIVITIES

ECONOMIC AND WAR-RELATED BARRIERS: FUNCTIONING OF BUSINESS

Surveyed business owners believed that agriculture, trade, and production were the sectors of Mykolaivska oblast's economy most affected by the war, referring specifically to food production (57%), crop production (55%), non-food production (45%), retail trade (43%), transportation (37%), wholesale trade (36%), and livestock (36%) as the most impacted. Respondents cited issues with importing and exporting goods, damage to physical assets like business premises, and mined fields, among other issues these sectors face. At the same time, respondents saw the most potential for growth in these same sectors, along with construction.

The war made it more difficult for surveyed entrepreneurs to carry out their business activities by causing a broad spectrum of issues across supply chains, including: a reduction in qualified labour force, a decrease in demand, logistical problems (both regarding receiving input materials and delivering goods to consumers), and energy-related issues – namely, a rise in the price of fuel and disrupted electricity supply following strikes.

Of KI business owners that focus on exporting goods, 64% had additional problems exporting products after the start of the war, most frequently citing logistics issues (often related to the blockade of ports and blockade of borders with the European market). According to KIs, adapting to logistical issues was often accompanied by an increase in the cost of production.

'If we take Mykolaiv in general and as a whole, then I can say that soon it will be two years since the war has been going on, and the logistics chain has not been restored. And until Kherson is completely liberated, Mykolaiv's logistics will be paralysed. [...] Because Mykolaiv has become logistically like a dead-end city. [...] That is, the road to Kherson is closed, there is nothing to take from there, there is nothing to take from Mykolaiv, the ports are closed.'

Businesswoman, 54, small business, Mykolaivskyi raion

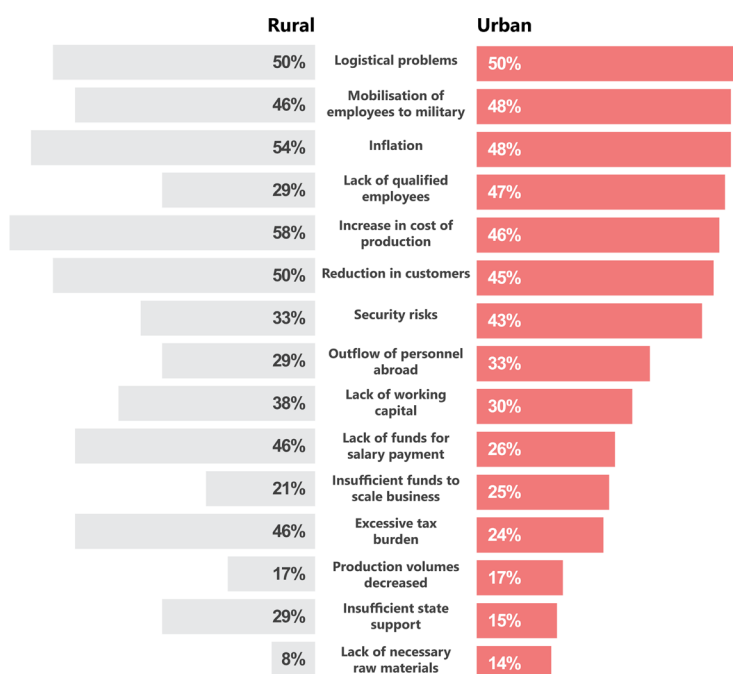
Additionally, 31% of surveyed business owners noted increased difficulty in accessing specific goods or services, in particular due to issues with logistic routes and a change of suppliers - including for products such as chemicals, fertilisers, textiles, equipment, products of foreign production - as well as the increased cost of Ukrainian raw materials to replace foreign supplies. This, in turn, reportedly complicated business and production planning.

The war also reportedly impacted the tail end of the supply chain, with surveyed business owners mentioning a decrease in demand (often due to customers leaving the region or having less disposable funds). The consequent drop in sales, combined with increased costs (e.g., higher prices for energy, transport, and supplies), left some businesses lacking funds for expanding business activities and exploiting opportunities in the market, according to KIs.

'We were forced to close the café for six months, the first reason was the security factor, when rockets fly and chaos is raging around, you stop thinking about business. [...] Secondly, we had no consumers, no customers, everything had stopped at that time. [...] We went to Kherson for vegetables before the war, and now we supply them from Mykolaiv wholesale bases. Prices for products increased significantly during the war, so accordingly, we were also forced to raise prices in cafes, which also does not have the best effect on the number of customers and our turnover.'

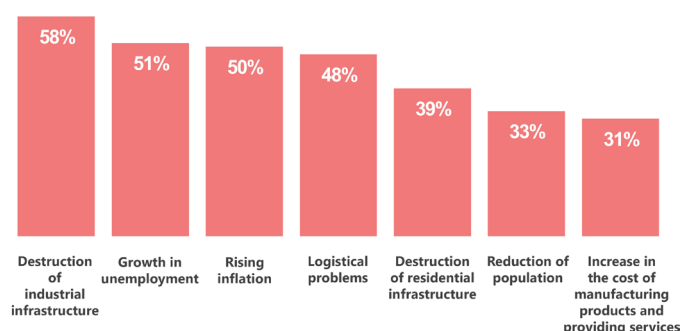
Businesswoman, 38, micro business, Mykolaivskyi raion

Figure 1: Barriers to conducting business activities faced by KIs in Mykolaivska oblast after the outbreak of the war (multiple choices, N=115)



Many of the challenges for businesses reflected more general socioeconomic issues facing the communities in which they operate. **Surveyed entrepreneurs listed physical destruction, rising costs, and population reduction as urgent socioeconomic issues facing their communities following the war's outbreak** (see Figure 2).

Figure 2: Most urgent socioeconomic problems in Mykolaivska oblast, as perceived by KIs (multiple choices, N=115)



ECONOMIC AND WAR-RELATED BARRIERS: EMPLOYMENT

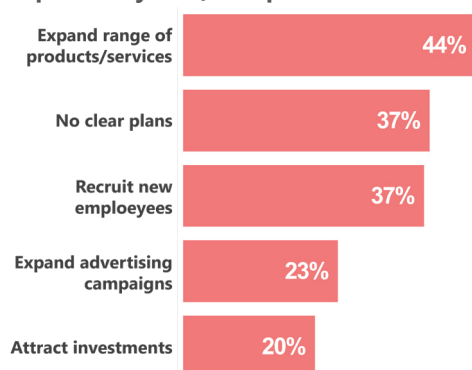
Changes to the socio-demographic structure of the labour force have led to a lack of qualified workers, which KI entrepreneurs in Mykolaivska oblast noted as a key problem for their businesses.

The lack of labour force as among the war's biggest effects on supply chains was regarded by 62% of surveyed business owners. While businesses headed by men were significantly more likely to mention the mobilisation of their employees to the military as a barrier to conducting business after the full-scale invasion (72% male business owners vs 37% female business owners), businesses headed by women more frequently mentioned the movement of their personnel abroad (35% vs 25%).

'We have already been heavily bombed, and many of my girls with whom we worked are these professionals who have been trained for years, in whom I was sure, who were my best workers, they left to look for a better life.'
Businesswoman, 33, small business, Mykolaivskyi raion

More than one third of KI business owners (38%) said that gender-demographic changes which occurred as a result of the war affected their business activity. 61% of them were reportedly unable to solve this problem, and businesswomen during qualitative interviews indicated that this labour shortage caused work delays and slowed production. Given the complicated security situation, KIs mentioned that it was difficult to make business plans, and 37% reported not having clear business plans for the coming months (see Figure 3). However, **37% of surveyed business owners also indicated that they sought to hire new staff** (rising to 47% among men-owned businesses), presumably due to staff shortages.

Figure 3: Business plans in the coming six months, reported by KIs (multiple choices, N=115)



Respondents mentioned a variety of adaptation strategies to staff shortages, including **recruiting new staff**, making efforts to **retain existing staff**, **redistributing duties among staff**, and **training/retraining staff**. Some also indicated that they sought to recruit internally displaced persons (IDPs), and 29% of surveyed businesses reported having members of vulnerable populations among their staff, primarily people with disabilities and pensioners.

Amid high levels of staffing changes, **34% of KI entrepreneurs emphasised the need for additional vocational education and training/retraining programmes for employees.** In particular, respondents mentioned the need for training employees in such areas as marketing, IT skills, business planning, accounting, financial and legal literacy, technical specialisations (craftsmen, electricians, engineers, drivers, welders), and job-specific training like cooking, beautician skills, and furniture production.

'Girls [i.e., employees] returned to us from Poland, from Romania. [...] We hired them all back. Not the working conditions, but the concept, has changed a little, so to say. Because, you know, if before one person worked with us and did only one job, now we set up so that everyone should be versatile. They must know and be able to do one or two jobs, overlap each other. [...] Now I have two of our specialists studying at the College of Food Technology, that is, these are the girls who replaced those who left. [...] And since they do not have a certain education [...] we improve the qualifications of this person. She takes courses, undergoes training and she can already work as a pastry chef.'
Businesswoman, 54, small business, Mykolaivskyi raion

While respondents suggested that women are increasingly doing work typically done by men, **clear gender divisions in the professional sphere seemingly persisted.** Data scraped from the Work.ua job portal showed a tendency for women to dominate job searches in the service, trade, accounting, education and science, beauty, and health sectors, while men were more likely to seek employment in the agricultural, auto service, construction, security, and manufacturing sectors. At the same time, 47% of surveyed entrepreneurs who have employees indicated that they have positions for which men are more often hired, while 50% reported that they have vacancies for which women are primarily hired (see Figures 4 and 5).

Figure 4: Positions most frequently mentioned by KIs for which entrepreneurs often hire women (open question, N=53)



Figure 5: Positions most frequently mentioned by KIs for which entrepreneurs often hire men (open question, N=49)

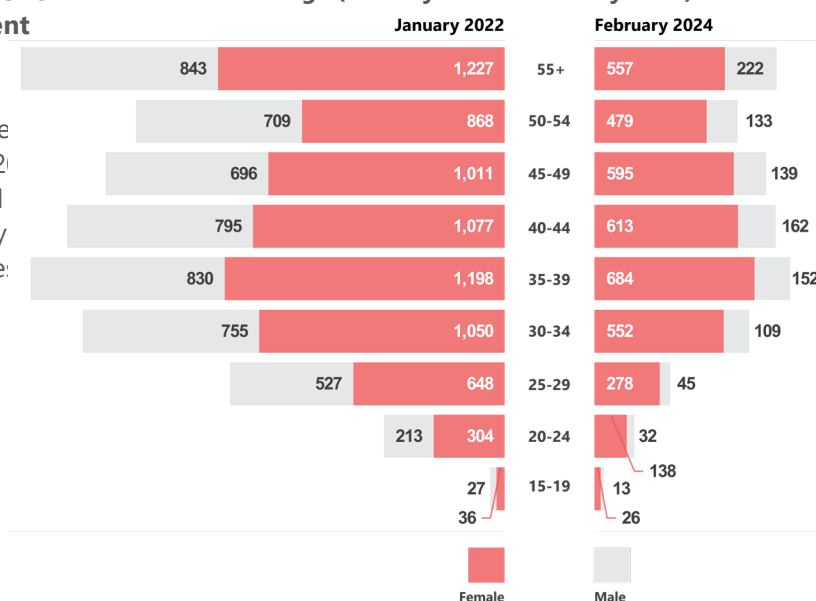


EMPLOYMENT

According to data from the State Employment Service²⁰, there has been a **decrease in the number of unemployed people registered with employment centres** in Mykolaivska oblast, particularly among men. Of those who were registered, the share of female jobseekers increased considerably since the start of the war: 1.38 women to 1 man in January 2022 (average of ratios across all age groups) compared 3.89 women to 1 man in February 2024. Potentially avoiding official registration in employment centre: due to fear of mobilisation, male jobseekers may prefer to search for work through Internet job portals or by directly contacting employers.

'The problem now will be very acute with employees, because you cannot hire men. Because as soon as you officially declare someone, they [i.e., military enlistment officers] will come to you and say hello. If men work, it is unofficially. Because my husband works officially and is waiting for a summons. There was already one'. Businesswoman, 45, micro business, Mykolaivskiy raion

Figure 6: Number of unemployed persons registered with the State Employment Service by gender and age (January 2022 - February 2024)



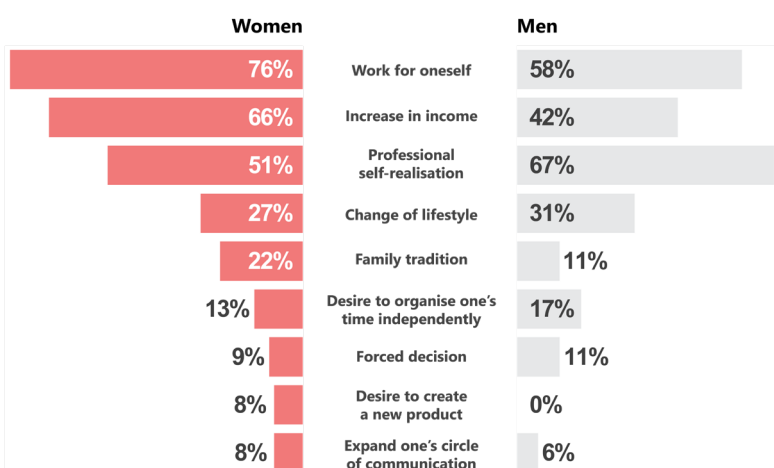
SPECIFIC CHALLENGES FOR FEMALE ENTREPRENEURS

MOTIVATION

Surveyed women and men often shared similar motivations for starting their business, although women more often mentioned the desire to work for oneself (76% women vs 58% men), increase in income (66% vs 42%), and family business (22% vs 11%) (see Figure 7).

'It motivated me that my husband quit his job. And we had little children. I had to do my own thing, because my husband has a lot of production experience, and I have accounting experience, that's why I am the manager. We have a family business, my daughter-in-law helps a little in accounting. It's a purely family business, because we don't have anyone in the management team except for our family members'. Businesswoman, 57, micro business, Pervomaivskiy raion

Figure 7: KIs' motives for starting their own business, divided by gender (multiple choices, N=115)



BARRIERS

Though many of the problems facing businesses in Mykolaivska oblast were found to relate to economic factors linked to the war rather than the manager's gender, women-owned businesses more frequently reported financial concerns, and businesswomen faced specific difficulties with childcare and other domestic responsibilities.

Surveyed women reported more often than men having used their own savings (92% vs 81%) and loans from friends and family (15% vs 8%) as sources of capital to start their businesses, and reported less often than men having used bank loans (11% vs 25%). Respondents of both genders often encountered similar obstacles when establishing their businesses, mentioning a lack of knowledge about the taxation system and business registration process, as well as corruption. However, **women mentioned a lack of start-up capital as an obstacle slightly more frequently than men (35% vs 28%), and were less likely to report 'there were no problems' (28% vs 42%)** (see Figure 8, below).

Women were also more likely than men to list a **lack of working capital** as a barrier they faced in running their businesses after the outbreak of the full-scale war (37% vs 19%). Additional financial concerns reportedly served as barriers: **lack of funds to pay salaries, insufficient funds to scale business, and concerns over inflation and excessive taxation** (see Figure 9, below).

SPECIFIC CHALLENGES FOR FEMALE ENTREPRENEURS

BARRIERS

Figure 8: Obstacles faced by KIs when starting their businesses (multiple choices, N=115)

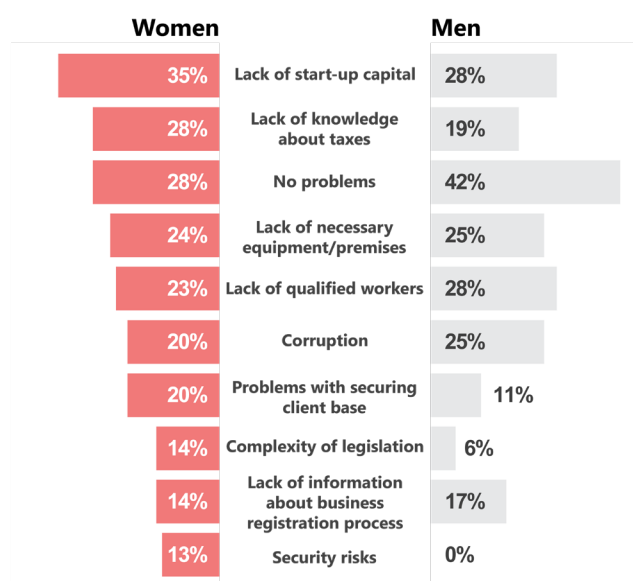
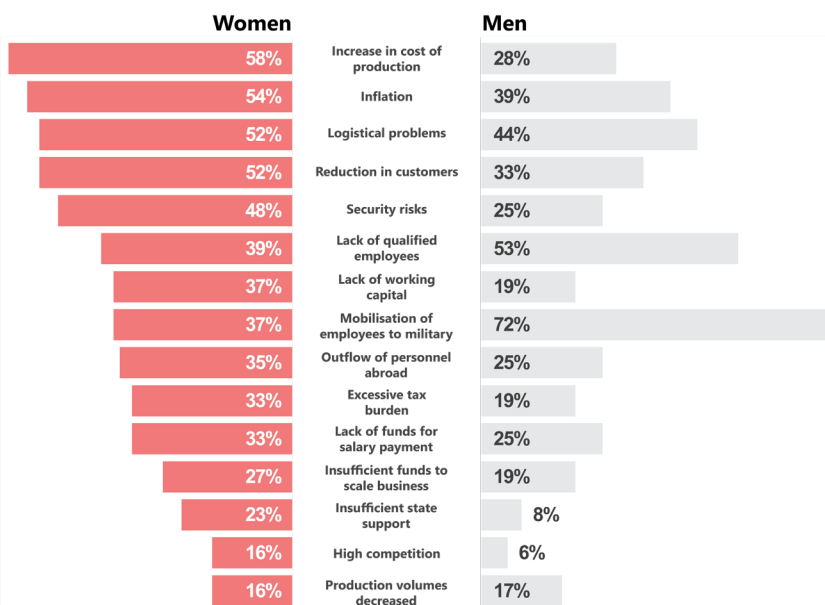


Figure 9: Barriers to conducting business activities faced by KIs after the war's outbreak (multiple choices, N=115)



Female business owners and employees reportedly faced increased challenges with childcare responsibilities. 90% of surveyed entrepreneurs reported that schools in their area are working online, 82% pointed to kindergartens being closed due to security risks, and 43% mentioned schools lacking shelters to use during air strikes. The last point often meant that parents had to pick up their children from school during air alarms, which are frequent. 50% of respondents believed single parents are facing specific difficulties running a business, and 23% said the lack of childcare is impacting their entrepreneurial activity and/or their employees' work. The qualitative data also suggests that a lack of

childcare increased the burden on businesswomen.

'We employ only women. [...] Everything has changed a little. The situation is that women run business and men fight. [...] Single mothers work for us who do not have help from relatives to look after the child. That is, kindergartens do not work, schools do not work, there is no one to leave the children with. [...] A seamstress cannot work remotely. Of course, there is nowhere to put the children. After all, kindergartens do not work, schools do not work. This is the number one problem in Mykolaiv. I see this not only at my company, but everywhere where women work. And women are now the main workforce.'
Businesswoman, 55, medium business, Mykolaivskiy raion

During qualitative interviews, female entrepreneurs reported that childcare responsibilities, maternity leave, and domestic responsibilities are acting as limitations on their ability to start and run their own business. These challenges were reportedly exacerbated by the increased burden of domestic responsibilities on women following the outbreak of war (often related to decreased in-person capacity at schools) as well as the persistence of gender stereotypes regarding family roles.

GENDER DISCRIMINATION

99% of surveyed businesswomen in Mykolaivska oblast felt they had not been subjected to gender-based discrimination. Those who reported about gender-based discrimination, noted that they were being subject to gender stereotypes and having limited access to or acceptance in male-dominated business environments. The qualitative data painted a similar picture: most interviewees reportedly did not encounter overt discrimination, though some indicated that businesswomen are often unfairly judged by certain criteria, such as their physical appearance.

'First, you have to be a woman. Because if you look like you're inappropriate, then you're a man. And as the owner of the clinic, you should look a little like a gazelle, beautiful. [...] And at the same time, you are not yet respected because you are a woman. And when I was pregnant, I didn't tell anyone at all. Because if you're pregnant, they think you're stupid. And if you gave birth, then you are a mother. And if you are rude towards someone after giving birth, you are considered to be insane.'
Businesswoman, 33, small business, Mykolaivskiy raion

In the opinion of 57% of surveyed female entrepreneurs nothing prevents women from occupying managerial positions. Some, however, listed barriers, were noted such as including a lack of interest in a managerial position on the part of the woman herself (22%), childcare responsibilities (22%), insufficient qualifications (19%), a lack of time to devote to business (14%), and gender prejudices against female managers (4%).

'If I had to start a business now, I probably wouldn't be able to do it. [...] First of all, the reason is the family as a deterrent, so a woman cannot actually give herself completely to the development of a successful business. The second such factor is psychological, it is no faith in oneself, in one's capabilities. And the third point is funds, start-up capital, which is very difficult to accumulate today.'

Businesswoman, 38, micro business, Mykolaivskiy raion



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GAPS IN INTERACTION WITH STATE AND LOCAL AUTHORITIES

While surveyed entrepreneurs in Mykolaivska oblast reportedly support each other in solving business problems, many lacked awareness of state support options and reported low levels of interaction with local authorities and business associations that have more in-depth knowledge about business support, which could address unmet needs.

While few respondents (12%) believed that the war decreased their ability to access government grant or credit programmes, **77% of surveyed business owners reported not using any state business support over the previous year.** The most common forms of state business support reportedly used were tax benefits (15%), compensation for employing IDPs (7%), and state credit (3%). **Some respondents in individual interviews raised concerns over the accessibility of state business support,** referring to issues with documentation, delays, and substandard credit history. 10% of surveyed business owners also used services provided through the DIIA.Business portal²¹, which included receiving free business consultations, finding information on business support programmes, submitting requests for financing, watching educational series, applying for licenses, and registering sole proprietorships (FOPs).

Most surveyed business representatives (82%) were unaware of the government's plans for recovery and development in their region²².

Of those who were aware of such plans, only 14% believed that their business interests were in line with government plans, while 29% believed they were partly aligned and 43% believed they were not aligned. As such, some businesses (14%) were not interested in accessing recovery and development programmes.

When asked about barriers to accessing plans for recovery and development in their area, many business owners mentioned a **lack of information** about such plans (46%) and that it was **complicated to communicate** with authorities regarding these plans (16%). Indeed, **76% of surveyed business owners reported not having had any interaction with local authorities,** while some said they received information published on official websites (18%), made appeals in online forms (11%), and communicated with authorities on social networks (4%).

At the same time, in the qualitative component of survey some BMO and CSO representatives indicated that they have in-depth awareness of recovery plans because played a role in their development, such as by participating in working groups and organising forums to discuss the topic. Businesses do not have the same level of awareness as specialized associations about recovery initiatives, because few of businesses are members of these groups: only 10% of surveyed

business owners were aware of business associations in Mykolaivska oblast that represent the interests of entrepreneurs, and almost all of them said that they were not a member, citing insufficient information about the associations and high membership fees. In individual interviews some respondents, however, mentioned constructive engagement with business associations.

Businesses did, however, were found to frequently interact with each other: **52% of respondents reported interacting with other entrepreneurs for mutual support,** such as by exchanging information, providing advice and expertise, and assisting each other in writing grant applications.

'I only know about affordable loans, that it was possible to apply for such a loan at an interest rate. We did not use such support, at first we wanted to take a loan at interest, this is what the state offered for business. But we didn't do it because we didn't find any collateral for the loan. [...] Maybe there are organisations [that support women's entrepreneurship], but today they are unknown to me. [...] I had a lot of support. I have my friends who are entrepreneurs like me, we often talk about business, give some advice to each other, for example, about suppliers, who has what prices and product quality. And I don't know any other organisations to facilitate my activities'. Businesswoman, 38, micro business, Mykolaivskyi raion

Despite limited levels of engagement with existing business support programmes, surveyed entrepreneurs expressed interest in some (perhaps improved or more accessible) form of state support: 18% of business owners cited insufficient state support as a challenge since the war's outbreak, and **a majority of respondents (70%) said that would be better if the state business support programmes more benefit the recovery and development of women's entrepreneurship.**

Demands for support and training

Respondents noted that the type of support that could facilitate the development of women's entrepreneurship are grant programs (80%), reduction of the tax burden (68%), business loans on preferential terms (58%), information support (43%), educational programmes on business management (42%), legal consultations (33%), reducing business inspections (21%), mentoring (17%), and psychological support (3%).

In addition to training/retraining courses for their own employees, respondents also pointed to desired training programmes for entrepreneurs to acquire skills that would contribute to the optimisation of their business activities: business planning (78%), financial literacy (77%), marketing (55%), preparation of grant projects (47%), anti-crisis management (41%), human resources and recruiting (22%), and IT skills (16%).

'A psychological programme, the study of conflicts and their resolution, then how to work with people with PTSD, this is a very important issue, because it awaits us soon. [...] If you look at Ukraine in general, our biggest question is how to live with people who will return from the front. [...] That is, to work with the military and injured soldiers, then emotional burnout and the moment of self-worth, all this my employees need to learn'.

Businesswoman, 33, small business, Mykolaivskyi raion



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POINTS OF ATTENTION

Early recovery programming. For Mykolaivska oblast, the current challenges that impede business recovery/development are: population decline, uncertain security and economic outlook, weak vertical links between businesses and government and somewhat weak lateral links between businesses. Actors interested in supporting hromadas across Mykolaivska oblast to become more resilient and have the capacity to recover could explore forms of support that will enable hromadas to develop early recovery and reconstruction plans. Local recovery plans can contribute to the creation of additional jobs and increase the attractiveness of hromadas for new residents. In particular:

- Support hromadas in developing development plans and hromadas profiles²³ by providing training for local authorities in cooperation with urban planners, taking into account the capacities and specificities of specific hromadas;
- Engage in measures to promote better organisation of business-to-business interaction through support for business and civil society associations that promote women's entrepreneurship and strengthen their capacity to provide a range of business services;
- Promote stronger vertical links between businesses and government, in particular by using tools to engage micro and small businesses in dialogue and practical interactions.

Labour supply for business. The biggest obstacle affecting small and micro businesses in the assessment areas and limiting business activity is the lack of workers due to migration and mobilisation. Accordingly, actors interested in supporting the development and strengthening of business capacity can pay attention to assistance in trainings, professional development, and retraining of employees for businesses in the area. Special attention can be given to categories such as women, persons with disabilities (PWD), and persons of retirement age who plan to work, as they are targeted categories for recruiting. There is also a need to cover incentives like childcare, barrier-free working environment and other aspects to make workplaces more attractive to women and other vulnerable groups.

METHODOLOGY & LIMITATIONS

The socioeconomic assessment of micro, small, and medium enterprises²⁴ (MSMEs) was conducted using data collected between December 4, 2023, and February 2, 2024. This study gathered both quantitative and qualitative data. Quantitative data was captured from 613 representatives of MSMEs across 4 oblasts, including 115 in Mykolaivska oblast. How key informants (KIs) were sampled depended on the size of enterprises, which is based on data from the State Statistics Service. The sampling proportionally represents approximately 80% of micro-enterprises (including the self-employed), 15% of small enterprises, and about 5% of medium-sized enterprises. The proportion of self-employed persons in the sampling is approximately 10% of the total sample population. The selection of informants was carried out using the "snowball" method, taking into account the following criteria: conducting activities within a wide range of sectors of the economy, and ensuring a balance between officially registered businesses and those not officially registered at the time of the survey. However, accessing informants involved in informal business activities was challenging, resulting in this group being minimally represented at about 2.5% of the surveyed entrepreneurs.

One structured KoBo tool was built using a variety of constraints to enable data to be collected from businesses of different sizes, taking into account the gender of the manager. Considering the general objective of this assessment, the share of businesses headed by women in the sampling purposefully increased compared to the share of men-led businesses. In order to ensure diversity, an effort was made to

find as many businesses as possible that represent different economic sectors, have different residence statuses (relocated, permanently operating in the oblast), and represent different districts of each oblast, focusing not only on urban area, but also involving businesses operating in rural hromadas.

Qualitative data in Mykolaivska oblast was captured through semi-structured in-depth interviews with 6 representatives of women-led businesses and 1 interview with leader of business management associations (BMO), 1 interview with leader of civil society organisations (CSO) that represent the interests of women. For this, two unique guides were developed for conducting interviews separately for each group of informants. Given that the number of business representatives surveyed is not representative, all findings presented in this report should be interpreted as indicative of the overall experience of entrepreneurs in Mykolaivska oblast.

Also, data on resumes and vacancies published on the Ukraine's job search portal Work.ua were obtained using scripts developed in RStudio. Results of the web scraping provided quantitative picture of labour market dynamics, including demographics of jobseekers as well as identify sectors of the economy dominated by female and male jobseekers. This was supplemented by an analysis of secondary data (statistical data on unemployed persons by type of economic activity disaggregated by age and gender for the period 2021-2024) collected on the labour market by the State Employment Service of Ukraine.



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ENDNOTES

1. [Kyiv School of Economics. Report on direct damage to infrastructure from destruction as a result of Russia's military aggression against Ukraine as of the beginning of 2024. April 2024.](#)
2. [United Nations Development Programme in Ukraine. Assessment of the Impact of the War on Micro-, Small-, and Medium-sized Enterprises in Ukraine. Kyiv: 2024.](#)
3. [Centre for Economic Strategy. Ukraine's Economy in 2023 Overview. Kyiv: January 2024.](#)
4. [World Bank Group. Inflation, consumer prices \(annual %\), Ukraine. 2024.](#)
5. [National Bank of Ukraine. Monthly Business Outlook Survey, April 2024. Kyiv: May 2024.](#)
6. [Kyiv School of Economics. Report on direct damage to infrastructure from destruction as a result of Russia's military aggression against Ukraine as of the beginning of 2024. April 2024.](#)
7. [Kyiv School of Economics. Report on direct damage to infrastructure from destruction as a result of Russia's military aggression against Ukraine as of the beginning of 2024. April 2024.](#)
8. [Radio Svoboda. "15K objects destroyed": how is the Mykolaiv region being rebuilt during the war?. May 2024.](#)
9. [Reuters. Crisis-hit Ukrainian city prepares for life after the war. July 2024.](#)
10. [Mykolaiv Regional State Administration. General Overview of the Economy. 2024.](#)
11. [Mykolaiv Seaport Authority. Almost 30 million tons of cargo handled by the Mykolaiv seaport in 2021. January 2022.](#)
12. [Ekonomichna Pravda. Blocked ports and mined fields: how the war affected the economy of the Mykolaiv region. May 2024.](#)
13. [Centre for Transport Strategies. Mykolaiv Ports Ready To Resume Operations. June 2024.](#)
14. FOP (individual entrepreneur/sole proprietorship) is a type of enterprise owned and run by one person and in which there is no legal distinction between the owner and the business entity, though the individual does not necessarily work alone and may employ other people.
15. [Opendatabot. More than 300 thousand new PEs opened in 2023. January 2024.](#)
16. [Opendatabot. 56% of new sole proprietors in Ukraine in 2023 were opened by women. November 2023.](#)
17. [Opendatabot. 59% of new PEs in Ukraine in 2024 were opened by women. May 2024.](#)
18. [Ministry of Economy. Clearing the territory of Ukraine from mines: almost half of the agricultural land identified as priority has been inspected. October 2023.](#)
19. [Chesno. In the Line of Fire: How War Destroys the Economy of Frontline Regions. June 2024.](#)
20. [Mykolaiv Regional Employment Centre. Analytical and Statistical Information: The situation on the registered labour market and the activities of the State Employment Service. 2024.](#)
21. DIIA.Business portal is a national state project for the development of entrepreneurship and exports, which is implemented by the Ministry of Digital Transformation of Ukraine together with the Office for the Development of Entrepreneurship and Exports. Read more: business.dii.gov.ua
22. State plans for recovery and development: In July 2022, the Verkhovna Rada of Ukraine made amendments to the Law "On the Fundamentals of State Regional Policy", which establish the main legal, economic, social, ecological, humanitarian and organisational principles of state regional policy, Ukraine's internal policy, establish the specifics of the recovery of regions and territories affected by armed aggression against Ukraine. And in July 2023, the Cabinet of Ministers of Ukraine approved regulations on the restoration and development of regions and communities. Read more: <https://recovery.gov.ua/>
23. Hromada Profile is a document consisting of a set of statistics, tables, graphs, diagrams, and text that should comprehensively, clearly, quantitatively, and qualitatively demonstrate the socio-economic potential of the Hromada and the effectiveness of its use. Read more: <https://decentralization.ua/>
24. Micro-enterprises are enterprises with the average number of employees is up to 10 people. Small enterprises are enterprises with the average number of employees is up to 50 people. Medium-sized enterprises – the average number of employees is up to 250 people. Self-employed person is a taxpayer who is a natural person – an entrepreneur who carries out an independent professional activity, provided that such a person is not an employee within the scope of such entrepreneurial or independent professional activity.

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REACH Initiative facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery and development contexts. The methodologies used by REACH include primary data collection and in-depth analysis, and all activities are conducted through inter-agency aid coordination mechanisms. REACH is a joint initiative of IMPACT Initiatives, ACTED and the United Nations Institute for Training and Research - Operational Satellite Applications Programme (UNITAR-UNOSAT).



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