

PARTNERSHIP SUPPORT AND FUNCTIONING OF ENTERPRISES DURING MARTIAL LAW

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Abstract. The work is devoted to the study of the activities of companies in the field of mechanical engineering under martial law. *Methodology.* The study used general scientific methods, in particular: theoretical generalization; methods of positive and normative analysis and statistical analysis. *The subject* of the study is manufacturing enterprises that are an integral part of the market economy. It is manufacturing enterprises that are the basis of the entire social development of the country. They have a key role of primary care of the national economy, satisfying the needs of society, namely: is the process of creating material goods necessary for its existence and development. Production is vulnerable to external factors: economic, political, legal. These factors are interrelated, and their stable functioning leads to the smooth operation of enterprises. The war significantly changed and limited the conditions for the functioning of the production sector, affected partnerships, export and import activities, logistics, personnel issues, the stability of enterprises was shaken and their number in Ukraine decreased. *The purpose of the article.* Study of the conditions and peculiarities of the functioning of machine-building enterprises in the conditions of war and the role of partnerships to support their stable operation in the industrial market of Ukraine. Currently, more and more Ukrainian researchers are studying changes in the functioning of enterprises during martial law, their ability to withstand crisis phenomena, and ways to involve and support the national economy. In the works of M.I. Zveryakov economic models of development of enterprises in new economic realities are studied; G.O. Shchigelska considers the impact of a new stage of the Russian-Ukrainian war on the economy; Humenyuk V.V. analyzes foreign experience of post-war management transformation economy of the country; I.O. Korostova considers the marketing component of development of enterprises during the war; O.G. Doroshenko substantiates and proposes priority measures and ways of revival of Ukrainian economy in wartime. *Research conclusion.* The peculiarities of the functioning of manufacturing enterprises in the current state and the need to support the stable are studied the ability of the industrial market to reduce the negative impact of the war on the economy of Ukraine. The article examines the impact of partnerships on the activities of enterprises, identifies the main risks faced by manufacturing enterprises during the war, as well as explores new directions for the preservation and development of enterprises and general changes in the industrial market. The authors highlight the measures that will help improve the operation of manufacturing enterprises under martial law. The role of partnerships as the main mechanism of production enterprises is also revealed, and the importance of consolidating a common goal is characterized.

Key words: industrial market, manufacturing enterprises, mechanical engineering, martial law, partnerships.

JEL Classification: L10, L60

1. Introduction

On February 24, 2022, martial law was introduced throughout the country, which led to the restriction of work in all spheres of activity. The decrease in GDP

of Ukraine for 9 months of 2022 is estimated at 30%. The war severely limited the conditions for the functioning of industrial enterprises. In the first half of 2022, industrial production in Ukraine decreased

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by 10.4%, and the production of machinery and equipment – by 13.3%, the average wage in the manufacturing sector of Ukraine decreased by 3.5% in comparison with the corresponding period of 2021, as evidenced by the operational data of the Ministry of Economy of Ukraine (Ministry of Economy of Ukraine). Considering Ukrainians, this war has forced about 14 million people (including 2 million children) to leave their homes due to bombing and fighting and become internally displaced within the country or by going abroad (UNICEF, 2022). The war is destroying the Ukrainian labor market. Violence continues in places where 10 million workers were employed. At least 5 million have lost their jobs. Hundreds of workers have died in hostilities. The unemployment rate has increased significantly (Ministry of Economy of Ukraine). The purpose of the study is the conditions and features of functioning of machine-building enterprises in the conditions of war and the role of partnerships in maintaining their stable activity in the industrial market of Ukraine.

2. Analysis of the current state of manufacturing enterprises in Ukraine

In wartime, partners can be seen as defenders of the business they are working with. A partnership is a strategic collaboration between parties, whether it's two businesses, a business and an individual, or just company personnel. The main objective of this cooperation is to achieve the main goals of both parties. Partnerships can help to grow faster, enter a new market, develop innovative solutions, and expand the customer base. All companies need this reliable support to systematize their business, especially under martial law.

From the very first days of the Russia's aggression, companies and their management were faced with the question of what to do, how to continue industrial production when a significant part of the population was simply fleeing, missiles were hitting cities, and business partners were thinking about saving their own lives. This period lasted differently in each case.

At that time, it was very important to carry out internal communication with employees, which, depending on the structure of the company, was mainly carried out by the management, the press service of the company and the human resources department. Security measures, the current situation and plans of the company were the main topics of communication. The volume of tasks within the company sometimes required round-the-clock work, seven days a week, with maximum motivation, because the survival of the company under the conditions of war was a separate economic front

for the employees, the opportunity to survive under martial law, to survive the families of the employees.

During the period of force majeure, the management of enterprises had to make quick and concrete decisions on the further work of manufacturing enterprises. Scenarios of development of further actions in enterprises were divided depending on circumstances, systematic nature of the enterprise, its location, profile of activity, but for all enterprises the first issue was safety.

For enterprises located in the western and central regions of Ukraine, this is primarily the protection of people and property from missile attacks. In the absence or insufficient number of places in bomb shelters, cellars, basement floors were equipped with additional protection of pits, and the supply of water and electricity was organized. The study of enterprises operating under these conditions showed the readiness of workers to be at their workplaces and perform official duties even during shelling.

Small businesses and enterprises in the frontline areas associated with the provision of services were able to quickly navigate by collecting all the necessary property of the enterprise and go by truck under fire immediately to the western or central Ukraine, but most of the businessmen of this segment, having left everything, went only with their own belongings. In the first days of the war, the growing demand for residential and industrial real estate in the western and central regions led to a multiple increase in prices.

Since the beginning of the action introduced by the Ministry of Economy of Ukraine, the program "Business Relocation" in Ukraine, more than 745 enterprises have moved their business to safe territories, of which more than 550 (Ukrinform) have started working, but for large and medium-sized enterprises, such as machine-building plants, relocation is one of the last options for saving the business due to the complexity of the process, significant costs, impossibility of relocating a significant number of personnel, technological ties to the raw material base, and so forth. But machine-building enterprises, such as: Kramatorsk Heavy Duty Machine Tool Building Plant and Pozhmashina were the first in Ukraine to move production from the Donetsk region to the Transcarpathian region.

In total, since the beginning of Russia's war against Ukraine, at least 422 industrial enterprises have been damaged, destroyed, or confiscated, with a total output of \$8,143.3 million, of which \$479.2 million are machine-building enterprises. One of the largest enterprises in the field of machine-building that were destroyed are: New Kramatorsk Machinebuilding Plant and Energomashspetsstal. Direct losses of enterprises (assets, warehouses) due to war damage already amount to more than \$100 billion. The

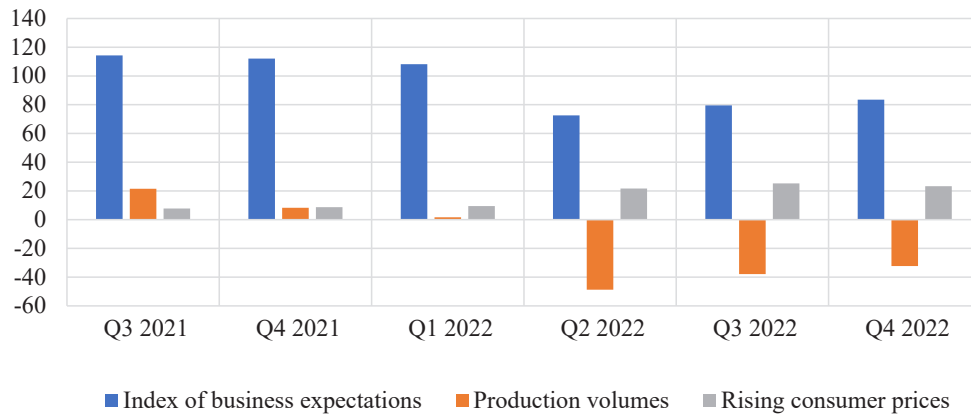


Figure 1. Macroeconomic expectations of manufacturing enterprises in 2021–2022, %

recording of losses of damaged, destroyed and captured enterprises is carried out both on the basis of microdata – evidence of losses of specific enterprises collected from public sources was submitted directly by enterprises through the website of the project "Russia will pay", and on the basis of answers of enterprises to a special questionnaire developed within the project and sent to member enterprises of the largest business associations. The calculation of the recorded losses is carried out on the basis of financial statements (Kyiv School of Economics). Ukraine's daily expenditures from the state budget related to the war with Russia amount to about 2 billion UAH, while the total losses of Ukraine every day related to the destruction of infrastructure and loss of economic potential amount to up to 4 billion USD per day (Ukrinform).

In these difficult business conditions, the support of business partners is very important. In times of difficult conditions partnerships in industrial enterprises become more important. In particular, the world media coverage of the war in Ukraine led to a huge information boom, which allowed machine-building companies to present themselves in new markets with new products, to get acquainted with potential partners and new potential markets. One such promotional channel is trade shows, such as InnoTrans, the largest international trade show for transportation technology and innovation held

every two years in Berlin. In September at InnoTrans 2022 representatives of Ukrainian machine-building enterprises organized free of charge a joint Ukrainian enterprises under the supervision of the trade publication "Railway Supply" and 17 Ukrainian enterprises, including Lviv Locomotive Repair Plant, Kharkov Bearing Plant, Experienced Mechanical Plant "Karpaty" and others. All the Ukrainian companies gained record popularity among the participants, because the cooperation of Ukrainian companies with foreign companies will lead to successful export of grain and metal to the EU, North Africa and the Middle East. In addition, Messe Berlin provided 216 square meters of space for the joint Ukrainian stand and covered all the costs of construction, design and information support for Ukrainian manufacturers at the exhibition (Railway Supply). Such vivid examples of partnerships influence the business activity of Ukrainian enterprises (Figure 1) and, according to the Statistics and Reporting Department of the National Bank of Ukraine, were able to increase the index of expectations for the business activity of Ukrainian enterprises by 10% in the 4th quarter of 2022 (Department of Statistics and Reporting of the NBU).

Partnerships in the industrial market are also well reflected in the geographical changes in the sales of industrial products in the first half of 2022 (Table 1). Despite a 32% decrease in the output of machine-

Table 1

Performance indicators of industrial enterprises in Ukraine for the last 5 years

Name	2018	2019	2020	2021	Q3 2022
Sales of industrial products, million UAH	3 045 202	3 019 383	3 236 369	3 589 379	2 064 729
including sales of engineering products	208 676	212 027	197 343	204 852	100 677
Export sales of industrial products, million UAH	681 927	650 410	710 206	1 017 676	443 900
including export sales of engineering products	79 090	78 337	80 519	92 233	47 299
Net profit/loss, mln. UAH, of which:	109 289	133 702	-47 212	361 115	-134 712
Enterprises that made a profit	233 569	243 493	174 376	453 626	117 347
Enterprises that incurred a loss	-124 280	-109 791	-221 588	-92 511	-25 206
Profitability of operations at enterprises, %	3	4	-1	8	-5

building enterprises in 2022, product exports increased by 7% of total industrial output in 2022 compared to 2021 (The State Statistics Service of Ukraine).

3. Prospects for the development of processing enterprises in Ukraine

The war immediately and radically changed the way of thinking, working and decision-making. The partnership relations in the manufacturing enterprises were also transformed into a process of rapid and important establishment, maintenance and expansion of mutually beneficial relations and communication with key partners: voluntary organizations, charitable foundations, state bodies, sections of mobilized workers and units of territorial defense. Manufacturing companies were faced with the need to communicate with suppliers, customers, and employees at an unprecedented level, while at the same time information technology imposed a number of restrictions on the placement of video and photographic materials. However, it should be noted that at the time of martial law in Ukraine, information technologies at industrial enterprises are gaining in importance, as they assume the role not only of effective promotion of goods to current and new sales markets, but also of necessary informational assistance to all legal entities and citizens of Ukraine, for example: information about the possibility of providing humanitarian aid, premises and living conditions to persons who were forced to leave their place of residence as a result of negative consequences of the armed conflict, participation in the program of temporary relocation of enterprises from the affected regions, etc. In this case, information technologies support the backbone of the country's citizens. Enterprises, which during the years of their activity have gradually formed and developed partnership relations and at the moment already have a well-established and effective system, thus definitely receive advantages in the process of recovery and development of activity. A striking example is the possibility of conducting and successfully completing a test by one of the largest machine-building enterprises in Ukraine, the Kriukiv Railway Car Manufacturing Plant, of a new model of railcars for the European Union market and the start of planned mass production of new railcars for the 1435 mm gauge, which will currently be the only Ukrainian enterprise that manufactures and supplies railcars for the European Union (Railway Gazette Group).

One of the most important ways of saving enterprises was effective state support, which is quite unusual in peacetime. Against the background of

terrible events, the war was able to unite the country with an ideology of victory. This allowed production enterprises to create an "airbag". Partnerships between enterprises and the state provided for programs that include a variety of tools and means of assistance, one of which is a program for temporary relocation of enterprises from the affected regions, which is aimed at preserving the production and labor potential of Ukraine and is focused on all enterprises wishing to relocate production to Western Ukraine. In this case, partnerships certainly have an important role to play in organizing appropriate measures for the preservation and development of the business, which may include:

- financial support: obtaining a grant;
- legal support: contractual relations, taxes, registration;
- marketplaces for Ukrainian exports, platforms for promotion of Ukrainian brands and goods abroad;
- the possibility of finding international projects, expanding sales markets or replacing them in terms of relations with the aggressor country;
- media, information support and crowdfunding fees;
- services to check the company for contacts with the occupiers;
- branding and digital marketing assistance, and more.

All of the above capabilities allow manufacturing companies to implement processes and plans in a short period of time that were previously unattainable or took a long time to prepare and implement, which has a positive impact on their development.

The issue of restoration of all economic sectors and further development of Ukraine after the victory in the war remains relevant. Ukraine has developed interregional cooperation; interregional cooperation is a complex system of interrelated processes that began to develop long ago and has gained relevance in the last five years. This fact is also confirmed by the fact that the Association Agreement between Ukraine and the European Union contains a norm on the comprehensive development of interregional cooperation in the strategic perspective and in most economic and legal issues; it is based on the experience of European countries such as Germany and Italy (Zablodska, Sieriebriak, Kolomytseva, Dzhumageldiyeva, Rohozian, 2019). This, in turn, influenced the significant support of the world to Ukraine in the struggle for its independence and the defense of European borders. The IMF's emergency financing program, tranches from the World Bank, the European Union, a swap line from the National Bank of Poland, as well as a trust fund created in Europe are guarantors of financial support for the restoration of the economy and destroyed infrastructure. In addition to financial and humanitarian assistance, political support from partner countries

is very important, and this is exactly what Ukraine is receiving (Doroshenko, 2022).

It is obvious that there will be radical changes in partnerships in the industrial market in the country if Ukraine wins, including these relations will be observed in the development of marketing activities of enterprises. It is necessary to consider possible ways of adaptation of marketing for restoration of business in Ukraine:

1. Marketing tactics – movement through tactical action. The ability to quickly refocus strategy in a rapidly changing business environment.

2. Changing the market and choosing the audience. Communicating with customers is crucial.

3. Cost optimization. This is an integral part of a wartime marketing strategy. Funds should be directed to marketing that is clearly focused on customer acquisition.

4. Changing the content strategy. Changing the content includes: updating essential information about the product (service); covering contributions to the struggle: (volunteering, charity); providing the audience with useful information.

5. Rapid response to changes in the environment (Korostova, 2022).

Based on studies of the dynamics of existing changes, the following should be assumed: firstly, an increase in the number of international organizations in Ukraine. Until recently, companies that had offices on the territory of the CIS preferred the Russian Federation, now, most likely, Ukraine will be valued. This event is an opportunity for cooperation and synergy of Ukrainian brands together with popular global brands. Secondly, it will be considered prestigious and honorable to have one's own Ukrainian company. Creating Ukrainian brands and products is quite significant value and reputation. The majority of companies are uncompromisingly ready to work on the Ukrainian market, all these prospects are changing the marketing of partnership relations. The language, traditions, culture and Ukrainian character, which in the past were almost not reflected in the branding and marketing of industrial enterprises, are currently being asserted. Thirdly, the development of Ukrainian information content of mass communication: social networks, video hosting, media applications, production, websites, advertising, films. After the victory, Ukraine will become a place where everyone is willing to come and create cooperation.

This perspective must be used boldly. Next, there will be a large-scale organic cleansing of the media space. Public figures and brands that abstained or were collaborators will not be able to return to Ukraine. Patriotism plays an important role in this issue, because attempts to return to the country will be stopped very quickly, without the possibility of approval, because Ukrainians will remember the events during martial law for a long time. This will greatly affect the media space, creativity and business, because those who despise Ukraine simply cannot exist here. And finally, the formation of pure competition can be emphasized. For some time after the victory everyone will look for traitors and collaborators, but a few years will be enough to understand that this is wrong behavior and it is better to focus on the ability of Ukrainians to unite.

4. Conclusions

Based on the results of the study, it can be concluded that the full-scale war of the Russian Federation against Ukraine affects the economic situation in the country and the industrial market, changes the rules of its functioning and introduces new restrictions. In such circumstances, those manufacturing enterprises that quickly adapted to the peculiarities of work in the conditions of martial law and predicted the needs of the market immediately after its end, were able to minimize business losses or even create a certain basis for development. Today the industrial market of Ukraine is damaged and deformed, but it is under control in the circumstances of force majeure, which makes it possible to recover and continue working.

Prospects of the vision of further partnerships at the manufacturing enterprises of Ukraine are the formation of further production relations to support business development, which requires open dialogue and mutual respect; ensuring continuous communication with partners and customers through the integration of various offline and online touch points; taking into account successful cases of formation and development of business under martial law; considering the possibility and necessity of exporting products, taking into account resource-saving measures. All this will create a basis for development in difficult modern conditions and prepare for post-war reconstruction using the existing potential.

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Received on: 03th of March, 2023

Accepted on: 25th of April, 2023

Published on: 23th of May, 2023