

Oleksii Korzniakov, Postgraduate Student
Admiral Makarov National University of Shipbuilding
Mykolaiv, Ukraine

Ganna Iefimova, Doctor of Economic Sciences, Professor
Admiral Makarov National University of Shipbuilding
Mykolaiv, Ukraine

DOI: <https://doi.org/10.30525/978-9934-26-603-4-7>

THE ROLE OF IT BUSINESS IN THE TRANSFORMATION OF UKRAINE'S ECONOMY UNDER CONDITIONS OF WAR

The transformational processes of the Ukrainian economy since 1991 have been a deeply researched topic among Ukrainian economists. Retrospective analytical studies by Ukrainian economists [1] indicate a predominantly unsuccessful government policy in the implementation and control of structural-sectoral transformation programs and strategies. Furthermore, the processes of transformational change have a tendency to slow down and fade, thus becoming a new norm, which leads to increased uncertainty and a weakening of the economic system's development potential.

Against the backdrop of the general vulnerability of the Ukrainian economy to transformational crises, the IT sector has demonstrated unique resilience in the conditions of a full-scale war, maintaining significant export potential. However, the analysis of the sector's resilience is often limited to general indicators, overlooking a key internal structural change – the outstripping development of product companies compared to service ones, which is crucial for its future. Supporting this trend is critically important for the formation of state innovation policy, as it is product companies that create higher added value and have greater potential for inter-sectoral integration.

The aim of this work is to substantiate the strategic guidelines for the transformation of Ukraine's IT business through an analysis of its key drivers of resilience, in particular, the structural shift towards product companies. The methodological basis of the research is the analysis of statistical reports from IT associations, government innovation strategies, and labor market data.

The draft innovation strategy from the Ministry of Digital Transformation [2] defines the achievement of the economic aspect of the goal through the development of innovative goods and services, deregulation, unlocking private initiative, etc. One of the strategy's objectives is to expand the Diia.City legal framework and create the Science.City legal framework to stimulate the creation of knowledge-intensive companies and startups, science parks, and other joint ventures between public institutions and private companies. The IT business is the foundation for potential growth in these areas, as it demonstrates resilience to war risks through the rapid adaptation of the sector's labor market and the business in general.

A key indicator of the IT sector's transformation is the change in its internal structure: in 2024, the share of IT specialists working in product companies for the first time exceeded the share of those working in service companies, 45% versus 36% respectively. Product companies demonstrate a significantly higher level of resilience in the face of war risks. The export of IT services in 2024 amounted to \$6.4 billion, which is 4.2% less than in 2023 [4]. Compared to metallurgy, the agricultural sector, or energy, which have suffered direct physical attacks and destruction of infrastructure, the single-digit percentage decrease in the IT sector's export revenue is evidence of high resilience. Meanwhile, in the period 2022–2024, the number of employed people in the sphere increased from 240,000 to 275,000 [5].

The industry has a high potential for attracting new specialists. According to the Analysis of the state of labor market problems [6], the potential labor supply is 3.8 times higher than the available number of jobs in the IT sector. The main drivers in this direction are a higher salary level, better career prospects, and a higher level of security due to remote work. The biggest obstacles are insufficient qualifications and a low level of English language proficiency. Such potential for an influx of new specialists is simultaneously a problem for the domestic labor market as a whole, but at the same time, it acts as a guarantee of the industry's supply of new specialists.

The innovation strategy of the Ministry of Digital Transformation identifies AI technologies as a key driver of innovative development, including in terms of improving the qualifications of the workforce [8]. The implementation of this policy opens a wide horizon of opportunities for organizations, expressed in the potential growth of productivity, efficiency, and innovation in their business. In contrast, recent studies show a decrease in the productivity of experienced specialists who have started using AI tools [7]. At the same time, AI significantly enhances the potential for independently mastering new skills, acting as an assistant and reviewer with sufficient competence for an entry-level.

Therefore, the key strategic guideline for the transformation of Ukraine's IT business is the accelerated transition from a service-based model to a product-based one, which demonstrates higher resilience and creates greater added value. This internal structural shift, as the main determinant of the sector's development in wartime conditions, is quite limitedly researched, in contrast to the analysis of general external indicators. The role of the state in supporting these changes could consist, for example, in supporting product companies with new specialists. The findings of this research can become the basis for recommendations regarding state support specifically for product-based IT businesses. This, in turn, will strengthen the implementation of the national innovation strategy and accelerate the post-war economic recovery.

References:

1. Brazylevych V. D., Grazhevska N. I., Virchenko V. V. (2022) Economic development of Ukraine: conceptual principles and institutional dimension: monograph. Kyiv: Lira-K Publishing House, 430 p.

2. On the approval of the Strategy for the digital development of innovation activities in Ukraine for the period up to 2030 and the approval of the operational plan of measures for its implementation in 2025–2027: Order of the Cabinet of Ministers of Ukraine, dated 31.12.2024, No. 1351-r: as of 14.07.2025. Available at: <https://zakon.rada.gov.ua/laws/show/1351-2024-%D1%80#Text> (accessed: 14.09.2025).
3. Ukrainian exports 2024: top-10 goods and main challenges: website. Ministry of Economy of Ukraine. Available at: <https://me.gov.ua/News/Detail/c002eb6c-48b5-4e33-b819-53c8c2ea237b> (accessed: 14.09.2025).
4. Vyshlinskyi H., Repko M., Samoiluk M. et al. Economy of Ukraine 2024: victory in the marathon depends on everyone. Center for Economic Strategy. 25.01.2024. Available at: https://ces.org.ua/ukrainian_economy_in_2024/ (accessed: 14.09.2025).
5. Portrait of an IT specialist 2024 // DOU.ua. 2024. July 31. Available at: <https://dou.ua/lenta/articles/portrait-2024/> (accessed: 14.09.2025).
6. Ukraine's Economic Outlook: Key Trends and Government Forecast for 2025-2026. Ministry of Economy of Ukraine. 2024. May 15. Available at: <https://me.gov.ua/view/b658f2bb-6f94-406a-8d0b-01b83c624f8b> (accessed: 14.09.2025).
7. Early 2025 AI & Experienced OS Dev Study. Metr.org Blog. 2025. July 10. Available at: <https://metr.org/blog/2025-07-10-early-2025-ai-experienced-os-dev-study/> (accessed: 14.09.2025).
8. Diia.Osvita: AI Assistant. Ministry of Digital Transformation of Ukraine. Available at: <https://ai.thedigital.gov.ua/> (accessed: 14.09.2025).