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RESEARCH OF THE LIGHT INDUSTRY MARKET DURING THE WAR IN UKRAINE

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Introduction

In recent decades, significant transformations have taken place in Ukraine in the political, economic and social spheres, which were the result not only of the processes of globalization, but also of significant events in the geopolitical aspect. In particular, the armed conflict on the territory of Ukraine imposes serious restrictions on various sectors of the economy, including light industry. Researching the market of light industry during the war is an urgent task, as it allows us to understand how the armed conflict affects the functioning and development of this branch of the economy. The article used the methods of theoretical analysis of scientific sources and publications on the topic, comparison, systematization and generalization.

The purpose of the article is to study the impact of a full-scale war on the market of light industry in Ukraine, as well as to study possible strategies for adaptation and improvement of economic activity in this field in modern conditions.

Task of the article:

1. Conducting an analysis of the structure of the light industry market in Ukraine before and after the full-scale invasion, and determining the main sub-sectors of this sector of the economy;
2. Determination of the impact of the military conflict on the functioning and development of light industry in Ukraine by analyzing data on changes in production, sales volumes, changes in the structure of demand and supply, etc.;
3. Research into ways of adapting light industry to wartime conditions, in particular through the assortment of products, relocation of production, search for new sales markets, reduction of dependence on imports, etc.
4. Determination of possible ways of support and stimulation of light industry by the state during the war, in particular through financial and tax measures, regulatory policy, etc.

Theoretical observations and the general situation of the light industry market in Ukraine

Light industry is one of the leading branches of the national economy and requires the formation of the foundations of strategic development based on ensuring the appropriate level of competitiveness of enterprises. Effective and economical use of resources helps to stabilize the functioning of the industry in the target market, increase the competitiveness of Ukrainian companies in this sector, access to international markets, increase the export of goods of domestic manufacturers and improve the welfare of consumers. The study of the market of light industry during the war in Ukraine is extremely relevant in the context of the current situation. The armed conflict not only disrupts the stability of the country, but also has a serious impact on the economy, in particular on the light industry sector. Analysis of this issue will contribute to understanding and solving the problems faced by enterprises in this sector, as well as help to develop strategies for exiting the crisis situation.

The spread of the COVID-19 pandemic in 2020 caused significant disruptions in world trade and complicated the situation on the foreign and domestic markets of light industry. Therefore, Ukrainian enterprises were forced to conduct a detailed analysis of the light industry market, identifying the key factors affecting their functioning and developing alternative business strategies for successfully supporting their activities.

In turn, a full-scale invasion in 2022 created a serious crisis for the economy in general, including for the light industry sector. The main reasons were: the security situation (regular shelling of civil and industrial infrastructure objects); logistical difficulties, especially for sectors oriented to export abroad; lack of working capital, etc. In the first months of the full-scale war, more than 40% of businesses ceased operations, and thousands of people lost their sources of income. As a result, as a result of military operations, Ukraine lost 5-7 million jobs in 2022 [1].

Domestic light industry, like many other industries, faces challenges. Companies are forced to survive and develop during the full-scale war, adapting to the changes around them [2]. In addition, many enterprises were forced to relocate their production to safer regions, away from active hostilities, which made it necessary to simultaneously solve a number of strategic and tactical tasks.

Analysis of the state of the light industry market during the war in Ukraine

All branches of Ukrainian industry are experiencing various losses, but perseverance and flexibility create prospects. The full-scale war highlighted the weaknesses of the Ukrainian economy. It is expected that the level of industrial development may decrease by 42.6%, and the GDP - by 31% (according to experts of the Institute of Economic Research and Political Consultation) [1]. At the same time, industry sustainability is different for each sector.

First of all, they successfully preserve and restore the work of enterprises of the industry that satisfy the basic needs of citizens, such as the production of clothes, shoes, etc. 46% of enterprises operating in the field of light industry are operating at almost full and full capacity [3]. This is evidenced by the results of the eighth monthly survey of heads of industrial enterprises "Ukrainian business during the war". In addition, you can see how this percentage changed during three monthly surveys (Fig. 1):

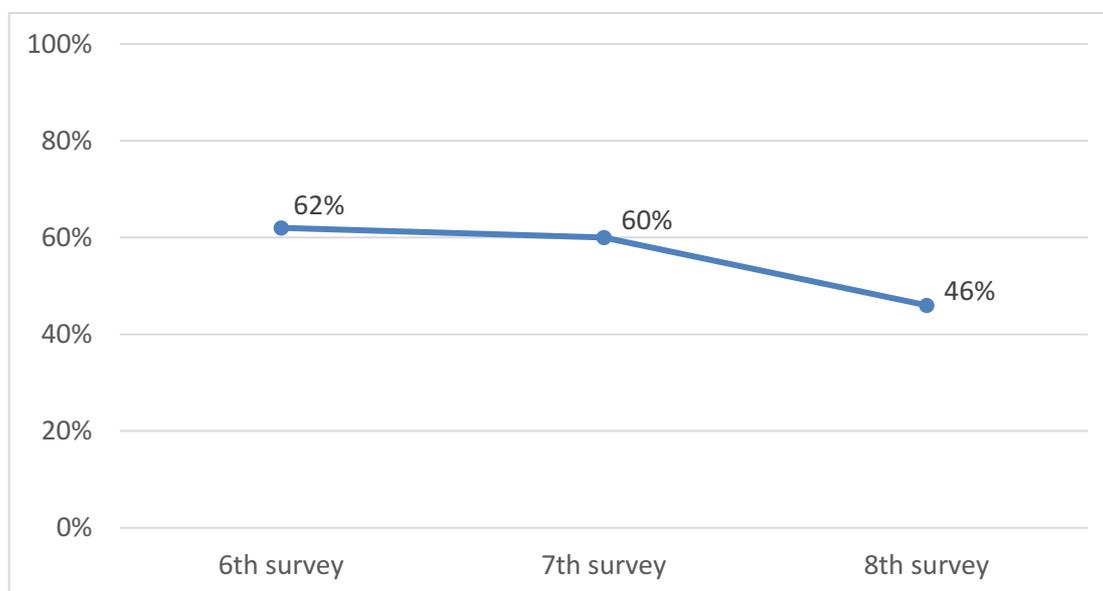


Fig. 1. The number of enterprises in the field of light industry operating at near full and full capacity

Source: the chart is based on [4].

It can be concluded that the number of light industrial enterprises operating at near full and full capacity is gradually decreasing with each survey. Despite the rather high indicator, the dynamics are negative. However, analysts predict an improvement in the situation in the field of light industry and an increase in indicators.

The trends of socio-economic development of light industry during the last decades show that production has always been oriented towards consumers and female labor resources (in particular, sewing production), and therefore it was usually spread throughout the territory of Ukraine. However, the war displaced a significant number of women from the production staff of garment factories due to the departure of many of them abroad, the supply of raw materials was disrupted, and the surviving production facilities were moved to safer parts of the country. Many sewing factories were forced to stop or significantly reduce the of activity.

The analysis of factors that significantly affect the development of the domestic market of light industry during the military operations allows us to identify the main trends in the industry: a decrease in consumer demand due to the orientation of the population to meeting basic needs during the war; further consolidation of light industry market participants and exit from the market of weak producers; high dependence on world prices for raw materials; problems with logistics; low labor productivity in the industry and a shortage of personnel with the necessary qualifications due to the departure of many citizens abroad, etc.

In particular, sewing companies faced a problem - the production of new products. Many sewing factories and even small workshops changed their assortment and began to sew vests, thermal clothing, military clothing and other products for the needs of the military, humanitarian centers and refugee shelters. Adapting to modern challenges and changing the range of production is an example of fighting in the rear, which not only allows companies to continue functioning, but also directly supports the state. Of course, such organizations are conscious and proactive businesses that create market trends. However, for many enterprises, such repurposing involves the use of new materials and fittings, the development of other processing technologies, and sometimes a significant renewal of production equipment. These technological innovations, which significantly change the production environment, create new needs for the professional skills of employees. Since labor productivity and production development depend on the availability of qualified personnel capable of solving production tasks, garment industry specialists have always been important and needed in the labor market. However, due to the above reasons, the shortage of labor in the garment sector has increased significantly compared to the period before the full-scale war.

Despite this, the volume of industrial products sold in the field of textile production, clothing, leather, leather products and other materials in 2022 increased compared to previous years. These statistics can be traced on the website of the State Statistics Service of Ukraine (Table 1).

Table 1. The volume of realized industrial products of enterprises in the field of textile production, production of clothing, leather, leather products and other materials for 2020-2022

Year	2020 p.	2021 p.	2022 p.
Million UAH	330431,1	42456,7	43888,8
In % to the total	1,0	0,9	1,1

Source: [5].

In the conditions of armed conflict, a number of government initiatives are aimed at mitigating and leveling the destructive consequences of the loss of part of the industrial potential, at promoting economic activity and business development during the war, at liberalizing foreign trade and promoting European integration, as well as at ensuring energy sustainability for industry and household consumers.

In addition, the activities of domestic enterprises are stimulated by the state providing grants to entrepreneurs within the framework of the "eRobota" program. In particular, 54 winners of the

"New Level" grant program received a total of UAH 337 million for business development in the processing industry. Grants can be used to purchase equipment for the production of furniture, building materials, clothing and accessories. Grant recipients must create at least 25 jobs. In addition, UAH 119 million has been allocated from the state budget reserve for the development of processing enterprises, and this funding will go to 22 companies. It is expected that 405 jobs will be created as a result of the implementation of the business plan [6].

The study of the market of light industry during the war in Ukraine helps to identify important trends and challenges affecting this industry. Military operations and general instability of the economy led to changes in the supply of raw materials, which in turn affects the manufacture of light industrial goods. Enterprises face difficulties in providing production with the necessary resources, which can lead to a reduction in the volume of manufactured products and a decrease in the competitiveness of companies. In addition, there is a need to develop a strategy to overcome possible challenges, in particular, in the diversification of suppliers, search for alternative sources of raw materials and active work on supply chain management. In order to successfully function, light industry enterprises need to adapt to new conditions, constantly looking for new ways to attract customers and maintain competitive positions, because the market in wartime requires atypical strategies to ensure stability and success in an environment full of complex economic and social challenges.

In general, it should be noted that effective cooperation between the government, enterprises and international investors is the key to the successful post-war economic recovery of Ukraine (including the industrial one). In addition, it is important to be flexible and innovative in the activities of light industry enterprises with the ability to quickly adapt to modern challenges. The future development of our country depends significantly on these factors.

Conclusions

1. The full-scale invasion had a significant impact on the structure and dynamics of the development of light industry in Ukraine. Domestic manufacturers have suffered significant losses due to reduced demand, changes in market conditions and economic instability. However, many enterprises were able to relocate their facilities and adapt the range of products to modern needs, thereby ensuring further development.

2. The competitive environment of light industry in wartime conditions also underwent significant changes. Enterprises that have demonstrated high adaptability and ability to quickly respond to changes have greater chances of survival and further development.

3. Ways of adapting light industry to wartime conditions include not only the search for new sales markets and the adaptation of products to consumer needs, but also active cooperation with state authorities to obtain financial support, for example, in the form of grants.

4. State policy is important in stimulating the development of light industry in wartime conditions. Effective state support measures can help enterprises overcome modern challenges and maintain competitiveness in the market.

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Summary

The article examines the particular qualities of the light industry market development during the war in Ukraine, it is a relevant and crucial aspect in the context of the current economic situation, as the light industry market is undergoing significant challenges and changes. This research analyzes the influence of the war on the light industry market, including demand and supply changes and amendments in consumer preferences, it also identifies trends and risks that appear in this regard and considers strategies for enterprises' adjustment to the tough situation.