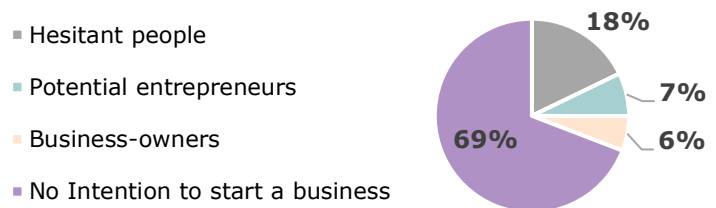


## Psychological attributes and skills for entrepreneurship in Ukraine

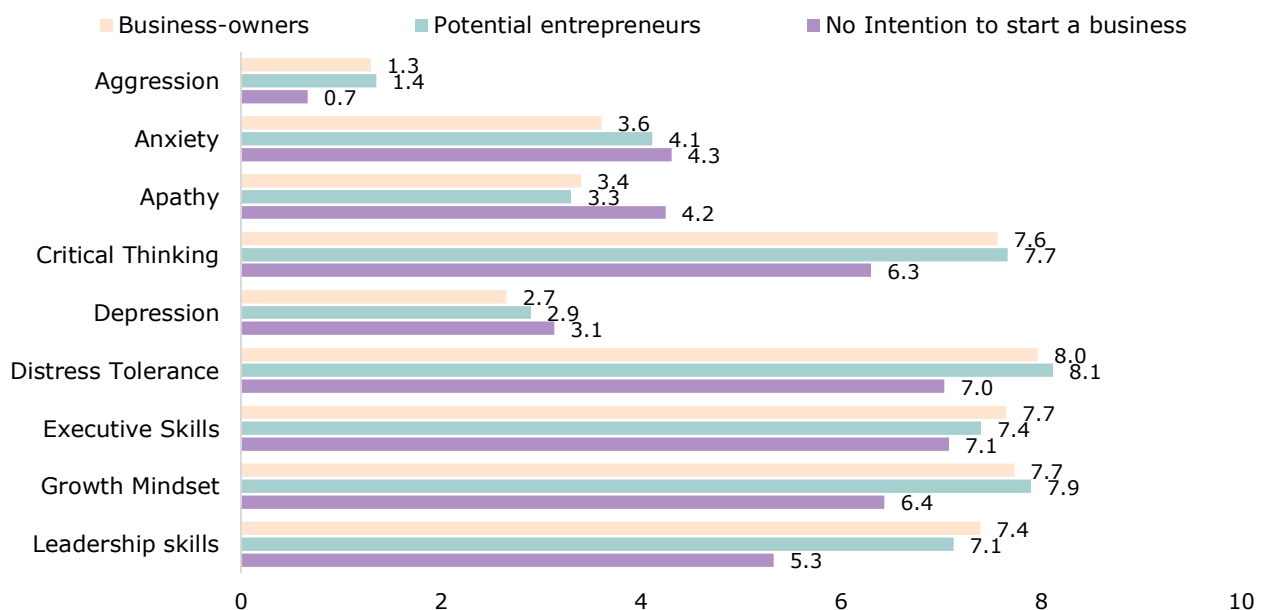
The Social Cohesion and Reconciliation Index for Ukraine 2021 assessed a variety of personal, social, political, environmental, and economic aspects of civic life. As a part of this multidimensional scope, people across Ukraine were to assess their life skills and psychological attributes. SCORE Ukraine 2021 study was conducted nation-wide between January- May 2021 based on a representative sample of 12482 respondents. Using the survey answers, scales were constructed and transformed into 10-point scales ranging from 0 to 10, where 0 indicates the complete absence of a psychological characteristic or a life skill while 10 is its strong presence. This paper investigates the characteristics and skills of business owners and those who want to start a business (i.e. potential entrepreneurs).

Analysis shows that 7% of citizens in Ukraine intent to start a business and 6% already own one.<sup>1</sup> 18% of the population is hesitant or unsure about whether they should start their own business while 69% do not own a business nor plans on starting one. The group of hesitant people will not be discussed due to a lack of information to define the reasons behind their reluctance and the heterogeneity of the group compared to the other three.



Business owners and potential entrepreneurs reveal some similarities; both groups report stronger executive functioning<sup>2</sup>, leadership skills<sup>3</sup> and critical thinking<sup>4</sup> skills, as well as higher distress tolerance.<sup>5</sup> Current business owners and potential entrepreneurs also express a higher degree of aggression<sup>6</sup> and a lower degree of apathy<sup>7</sup> (see Table 1 for more details). These qualities show that business people are likely to be more civically engaged and thus their business ambitious could be channeled into social entrepreneurship. The qualities that differentiate potential and actual entrepreneurs are depression and anxiety, people who consider starting their business show a higher degree of anxiety and a slightly higher degree of depression. This may be partly due to potential entrepreneurs looking to start a business to change career direction or address a socio-economic dissatisfaction.

Table 1



<sup>1</sup> As of February of 2021, 4.6% of Ukraine's population are registered as entrepreneurs. For more information, check [here](#).

<sup>2</sup> The ability to control impulses, learn new activities, plan tasks, focus attention and multi-task.

<sup>3</sup> The ability to understand the strengths of group members and motivate them to work together towards achieving a common goal.

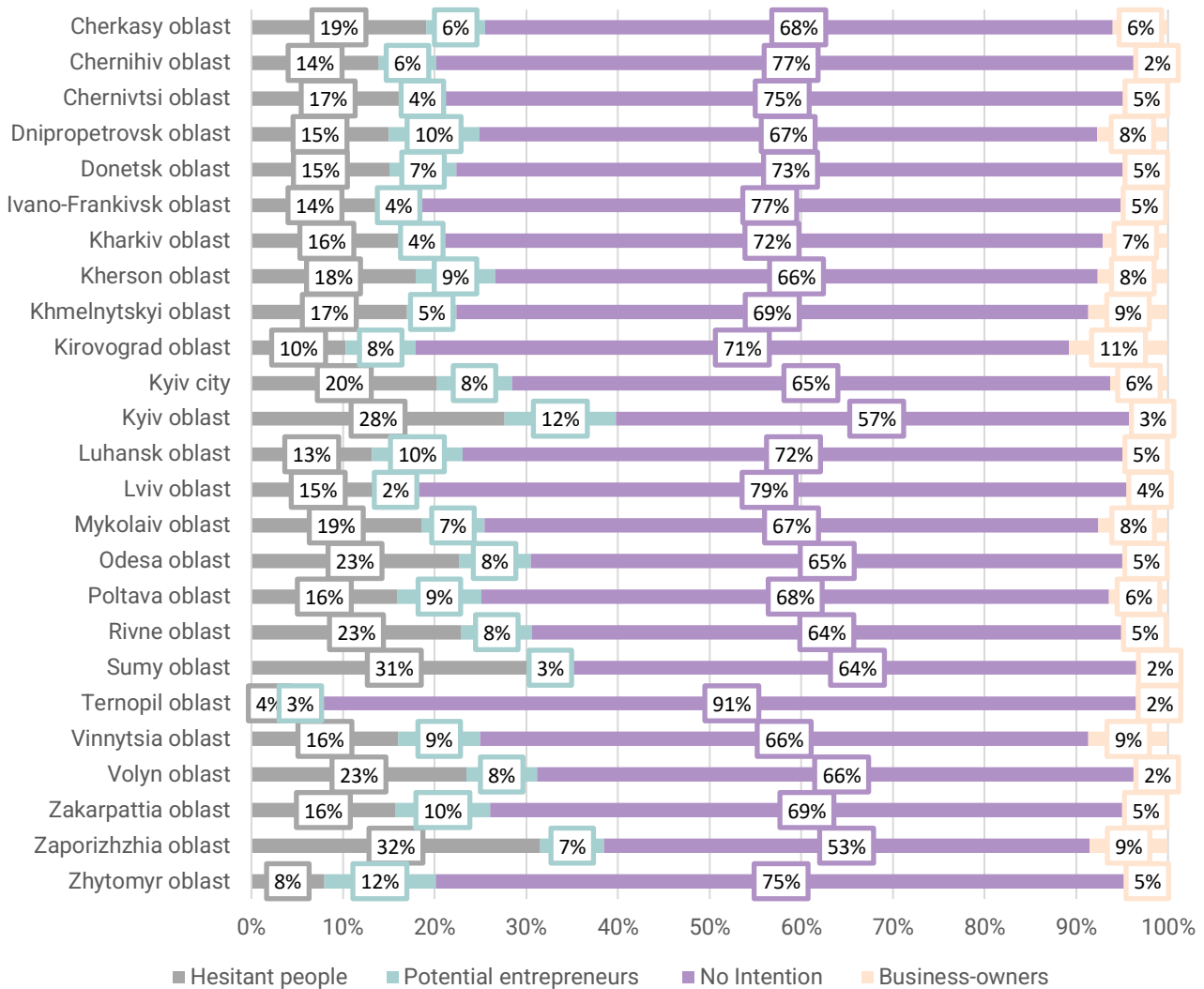
<sup>4</sup> The ability to critically engage with information by corroborating, questioning, and identifying potential biases.

<sup>5</sup> The ability to cope with challenging life events and unpleasant feelings constructively.

<sup>6</sup> The degree to which one is aggressive in daily life, such as frequently getting into fights and confrontations.

<sup>7</sup> The extent to which one does not care about societal problems due to socioeconomic or psychological issues.

Table 2



Analysis also shows that Zhytomyr and Kyiv oblasts boast a higher share of potential entrepreneurs at 12% (for more details see Table 2). Looking at the sectoral breakdown, potential entrepreneurs seem to be concentrated in the service/trade sector (16% of the sample of potential entrepreneurs), manual construction (7.5% of the sample), or occupy positions like lawyers, engineers, accountants, etc. (7.5% of the sample), 7.3% of potential entrepreneurs work at factories.

Capacity building, micro-financing or community-based enterprise programs aimed at supporting local entrepreneurship should be concentrated in oblasts where there is a higher share of people who wish to start their own business, and tailor their focus on the major sectors of interest identified above. This would ensure that programmes have a motivated beneficiary base to mobilize and more targeted skill building dimension to foster human capital. Further investigation is needed to understand the business environment to understand how the share of potential entrepreneurs can be boosted in oblasts where an overwhelming majority of people indicate that they do not intend to start a business such as Ternopil (e.g. legislative factors, market saturation, infrastructure, competition).

SCORE Ukraine 2021 also assessed people's entrepreneurship mentality, which measures the extent to which one possesses traits such as risk-taking, motivation and innovative thinking. Across Ukraine, entrepreneurship mentality is above average in most oblasts. Some oblasts such as Lviv, Odesa and Donetsk and Luhansk contact line boast entrepreneurship mentality levels significantly higher than the national average. Interestingly, citizens in Lviv score the highest when it comes to entrepreneurship mentality but express the lowest desire to start their own business. Citizens living around Donetsk and Luhansk contact line also score higher, which might link to the insecurity and instability people have to cope with, forcing them to take risks in their daily life and find alternative ways to solve problems.

