

RESEARCH REPORT

Ukrainian entrepreneurs in Denmark after the Russian invasion

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Preface

This report stands as a testament to the extraordinary initiative known as the IVDK HUB for Ukrainians, which we, at Danish Entrepreneurs, have designed and implemented with a profound vision in mind – to empower Ukrainian refugees and pave the way for their transformation into entrepreneurs. Our ultimate aspiration is to aid in the reconstruction of Ukraine once victory is achieved in the aftermath of the Russian invasion.

The Russian invasion of Ukraine has left a heartfelt impact on the lives of millions, leaving many displaced and seeking refuge in foreign lands. Witnessing this humanitarian crisis and recognizing the potential of those seeking solace in Denmark, we felt compelled to extend our support and create an avenue for hope, empowerment, and transformation.

The IVDK HUB for Ukrainians is a testament to the belief that entrepreneurship is a powerful force for positive change. We firmly believe that fostering entrepreneurial endeavors among Ukrainian refugees not only empowers them to rebuild their lives but also positions them as drivers of change in rebuilding their beloved country, Ukraine, once the war is won.

This report unveils the exceptional qualities that set Ukrainian entrepreneurs apart, qualities that we have observed and nurtured through the tailored 10-week training program. The participants of this program have proven to be extraordinary, boasting extensive education, valuable managerial experience, and an entrepreneurial spirit that knows no bounds.

Throughout the program, we have witnessed the participants' commitment to their venture goals, and we have been humbled by their determination to overcome obstacles and embrace the support and integration provided by the Danish community. International interest extended the program beyond Denmark's borders, reaching across three different countries – Denmark, Norway, and Sweden. Moreover, the program has successfully trained and empowered over 1,300 Ukrainian entrepreneurs, a testament to the far-reaching impact and effectiveness of our collective efforts. The progress they have made, and the number of operating businesses or near-operational ventures at the end of the program, demonstrate the potential for positive change through entrepreneurship.

We as Danish Entrepreneurs take immense pride in this initiative and are dedicated to continuing our support for the journey of Ukrainian entrepreneurs.



Peter Kofler
Chairman of
Danish Entrepreneurs

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Executive summary

Danish Entrepreneurs have initiated the largest European initiative – the IVDK HUB for Ukrainians – to (1) empower Ukrainian refugees to become entrepreneurs as a way to rebuild their lives and their country and (2) illustrate how refugees are an asset and not a liability in our societies. We followed those Ukrainian entrepreneurs who participated in the 10 weeks tailored training program.

Ukrainian entrepreneurs are unique

The Ukrainian entrepreneurs stands out from most ordinary entrepreneurs by:

- Being extremely highly educated
- Holding both valuable managerial experience and startup experience
- Possessing exceptional strong psychological capital (individual resilience, personal initiative, crisis self-efficacy and entrepreneurial self-efficacy)
- Having psychological profiles; particularly, their low neuroticism, that partly explains their strong psychological capital
- These components enable them to start businesses in otherwise extraordinary adverse personal settings.

They have extraordinarily high growth expectations

Their businesses mostly target Danes in Denmark, with a normal low level of novelty; however, with extraordinary and probably over-optimistic expectations for both growth in revenue and employees exceeding what is found among typical Danish and US entrepreneurs.

They progressed their ventures and socially integrated during the program

Overall, the Ukrainian entrepreneurs were committed to the venture goals throughout the training program, enhanced by a steady progress towards their venture goals and reductions in venture obstacles and accordingly low threat appraisals.

They also talked with more Danes about their ventures as they progressed through the program, becoming slightly more integrated into the Danish labour market.

On average, the participants made progress with their ventures throughout the program, and as many as 23% had either an operating business or were close to an operating business at the end of the program.

Three important recommendations

1. Continue training workshops to help Ukrainian entrepreneurs make a living, integrate, and become a resource to society
2. Ensure venture progress and commitment through reduction of venture obstacles
3. Initiate exercises in training programs to adjust potentially over-optimistic venture expectations in alignment with business idea novelty.

Introduction

The war in Ukraine

Since the Russian invasion that commenced on Feb 24, 2022, Ukrainians have fled from their country, mostly to neighbouring European countries. Shortly after the invasion, many Ukrainians also fled to Denmark, most intensively between March and June in 2022. As of July 9 2023, 28,912 Ukrainians have arrived to Denmark since the invasion, of which 64% are women. Most of the Ukrainians in Denmark are in their 30s (Statistics Denmark 2023).

IVDK Hub – Danish Entrepreneurs

Shortly after the invasion, and following the successful Google WeStart Denmark project with 60 Ukrainian entrepreneurs (Klyver et al., 2022), Danish Entrepreneurs initiated IVDK HUB for Ukrainians; the largest European initiative of its kind – to train potential Ukrainian entrepreneurs.

The purpose of the program was to:

- Empower Ukrainian refugees to become entrepreneurs in order to rebuild their lives and their country
- Illustrate how refugees are an asset and not a liability in our societies

This initiative for Ukrainian entrepreneurs includes specialized business workshops, facilitating connections with potential partners and investors, and a tailored entrepreneurship program. More than 1,000 Ukrainians have participated in the different components of the initiative. Of those, 325 have participated in a tailored training program that consists of 10 workshops over 10 weeks – the focus of this report.

Purpose

We have collected data among those Ukrainians that participated in the tailored training program.

The purpose was to:

- Understand who the Ukrainian entrepreneurs in Denmark are, the profile of their ventures, and what potential their ventures have
- Understand the progress the Ukrainian entrepreneurs make during the tailored training program.
- Identify ways to improve assistance and training of Ukrainian entrepreneurs

Methodology: What we did

To fulfil the three purposes, we design a longitudinal study that involves six waves of online survey data collection. Particularly, we surveyed the participants in the beginning of the program, at the third and seventh workshops, at the end of the program, and three months and one year after the program. This report contains only the first four waves until the end of the workshop.

We received responses from 102, 70, 52, and 60 participants respectively in waves 1-4 that we analysed for this report. We applied established academic measures to assess the profile of the Ukrainian entrepreneurs in terms of demographics, psychological capital, psychological profiles, their ventures' target markets, novelty and growth expectations, and finally their venture progress throughout the duration of the program.

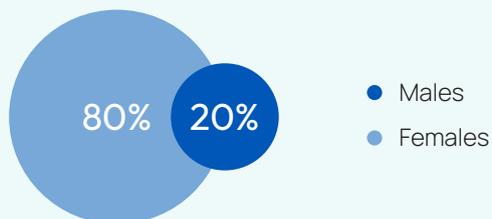


Who are they?

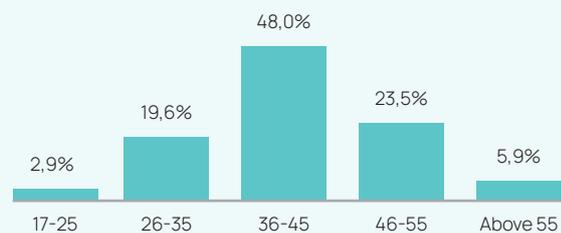
Demographics

The Ukrainian entrepreneurs that participated in the IVDK HUB 10 weeks training program were mostly women, between 36-45 years old, with high education level, and 2/3 with at least one child living with them.

Dominated by women

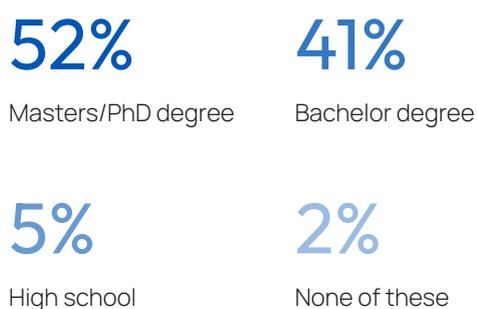


Dominated by participant between 36-45 year old

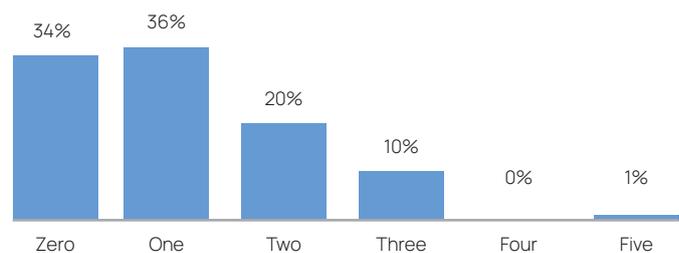


Of note is their very high education level. As many as 93 % of those participating in the program had at least bachelor degree. This indicates both the potential of the participants but also the distinctiveness of them as a cohort.

93% had at least a bachelor degree



66% has at least one children living with them

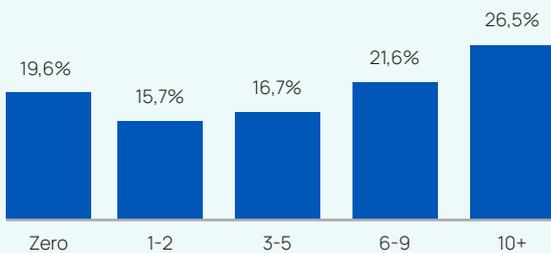




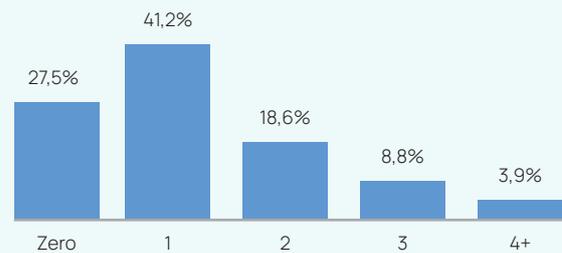
Experience & Skills

The Ukrainian entrepreneurs exhibited high human capital, many with prior managerial experience (81%) and startup experience (73%), and most were employed (45%) and/or self-employed (45%) before the war. However, many had poor English proficiency (73% intermediate or below).

81% have some managerial experience



73% have previously started a business?



Apart from the English proficiency and their obviously dramatic life circumstances, the Ukrainian entrepreneurs are in general a group possessing strong entrepreneurial prerequisites; stronger than most entrepreneurs in general.

Most were employed and/or self-employed before the war

45%

Self-employment

45%

Employment

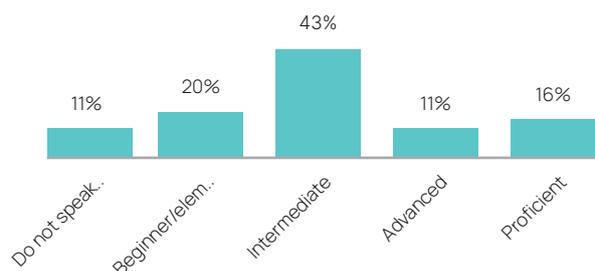
8%

Other

2%

Unemployment

Only 27% have advanced or higher English proficiency



Psychological capital

We applied established measures to assess the Ukrainian entrepreneurs' psychological capital, individual resilience, personal initiatives, crisis self-efficacy, and entrepreneurial self-efficacy.

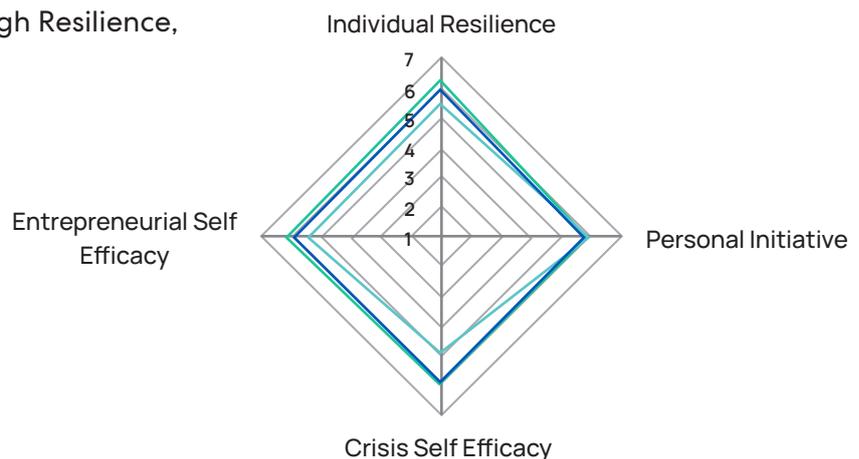
For comparative purposes we reported the same measures from prior studies, in particular those examining individuals in adverse settings; that is, the Google sample that was used in the first peer review academic paper on Ukrainian refugee entrepreneurs (Klyver et al., 2022) and comparison groups taken from different studies. For individual resilience and entrepreneurial self-efficacy we compared with entrepreneurs from Afghanistan (Bullough et al., 2014); for personal initiative we compared with participants applying for an entrepreneurship training program in Togo (Campos et al., 2017); and for crisis self-efficacy we compared with patients suffering from serious health conditions (e.g. breast cancer, HIV/AIDS, diabetes) (Prigge et al., 2015).

As can be observed in the figure below, the Ukrainian entrepreneurs had comparatively high individual resilience, albeit lower than the Google sample. They also had high entrepreneurial self-efficacy and high crisis self-efficacy. Their personal initiative was approximately similar for the three groups.

Overall, it can be concluded that the Ukrainian entrepreneurs have strong psychological capital, that likely enables them to cope with the stressful circumstances they face, and potentially build ventures under conditions of high personal adversity.

Ukrainian Entrepreneurs have High Resilience, Entrepreneurial Self-Efficacy and crisis self-efficacy

- Ukrainian Entrepreneurs
- Google Program
- Comparison Group



Psychological profile

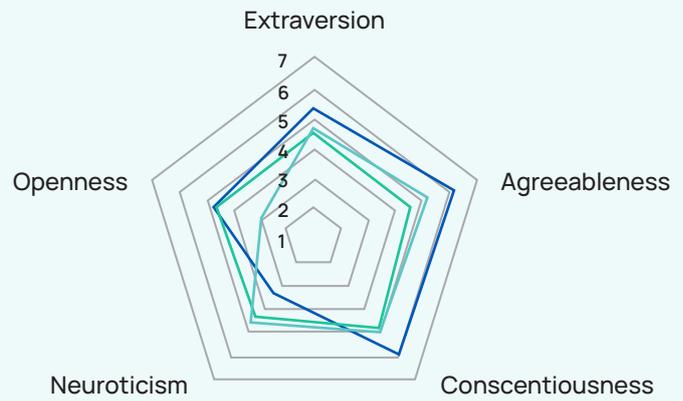
We also examined the entrepreneur's psychological profiles, specifically their Big Five profiles: extraversion (outgoing/energetic rather than solitary/reserved), agreeableness (friendly/compassionate rather than critical/rational), conscientiousness (efficient/organized rather than extravagant/careless), neuroticism (sensitive/nervous rather than resilient/confident), and openness (inventive/curious rather than consistent/cautious). In contrast to psychological capital that tends to vary over time, these Big Five characteristics are rather stable, and any changes occurs slowly over one's life.

Again, for comparative purposes we included the Big Five profiles from other groups; that is, Ukrainian university students (Tychmanowicz et al., 2021) and Ukrainian adults (Schmitt et al., 2007; using Elleman et al., 2018 to provide US benchmarks to calculate scores).

What we see is that the Ukrainian entrepreneurs are more extraverted, agreeable and conscientious than both other groups. They are also more open than the Ukrainian adults in general, and they are less neurotic than both other groups.

Ukrainian Entrepreneurs are Extroverted, Agreeable & Conscientious, but not Neurotic

- Ukrainian Entrepreneurs
- Ukrainian University Students
- Ukrainian adults

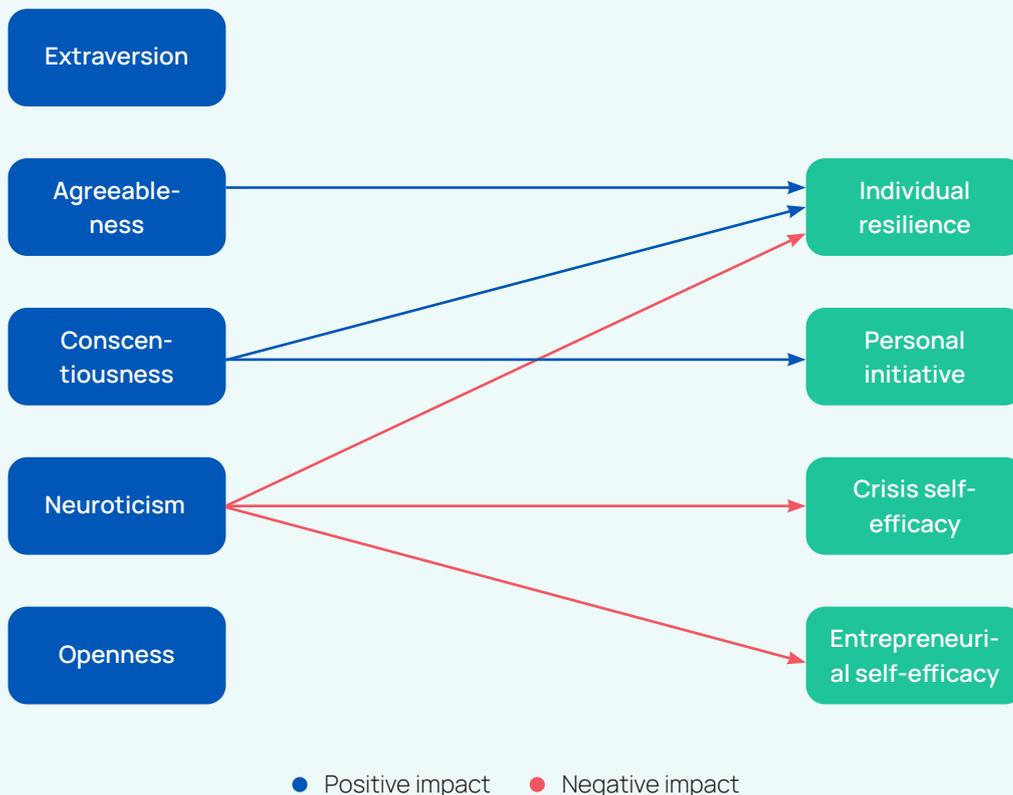


While no Big Five profiles are inherently better than others; particular psychological characteristics may help explain the Ukrainian entrepreneurs' psychological capital and their progress throughout the program. We examined in our data how Big Five profiles can explain psychological capital, our findings illustrated in the figure below.

Of note, neuroticism – which was low among the Ukrainian entrepreneurs – permits them to develop three of the components of psychological capital. We also observed that agreeableness – which was high – enabled entrepreneurs to develop individual resilience while conscientiousness – also high – enable them to both develop individual

resilience and personal initiatives. However, we observe that extraversion and openness are both unrelated to any of the psychological capitals. Overall, the Big Five profile helps explain why we observe the strong psychological capital among the Ukrainian entrepreneurs.

It is, however, important to note that the Big Five profiles do not directly determine psychological capital; rather they either enable or constrain the development of psychological capital. For instance, it is easier for an entrepreneur with high agreeableness, high conscientiousness and low neuroticism to develop individual resilience that would otherwise be the case. But is it not impossible without these Big Five characteristics.





The Ukrainian Ventures

Target markets

A target market (i.e. the specific group of customers or consumers that a business aims to serve with its products or services) of the Ukrainian entrepreneurs varies. We note target market of ventures may change during the entrepreneurial process.

Most of the Ukrainian entrepreneurs targeted Danes in Denmark (68%) or Ukrainians in Denmark (16%), while 13% aimed to export. Only 3% targeted Ukrainians in Ukraine.

68%

Danes in Denmark

16%

Ukrainians in Denmark

13%

Others (export)

3%

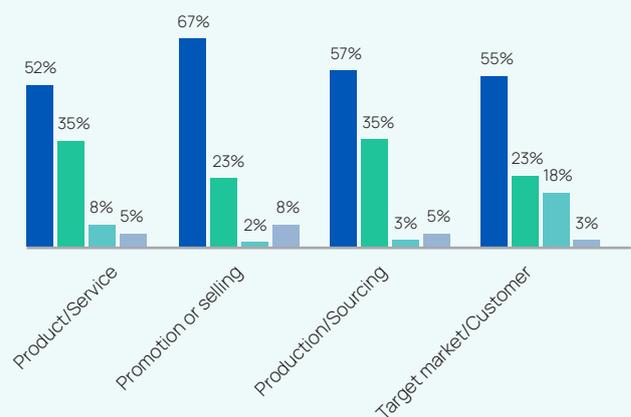
Ukrainians in Ukraine

Novelty

We also examined the novelty of the business ideas; that is, the degree of originality or uniqueness compared to existing ideas, products, or services in the market. We used the four dimensions developed by Senyard et al., (2014): novelty of the proposed new venture (1) product or service offered, (2) method for promotion or selling, (3) method for producing or sourcing your products, and (4) target market/customers.

As is typical of entrepreneurs in general, most of the business ideas are not novel, and particular the way of promoting and selling the products or services seem least novel.

Most business ideas are not novel



- Similar to what other businesses do
- Substantial different to what other businesses
- Entirely new within your intended market / industry
- New to the world

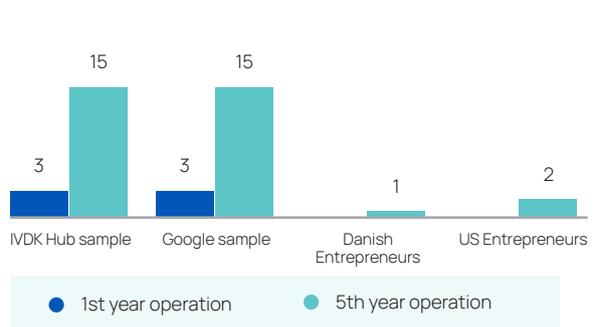
Growth intentions

Novelty of business ideas often results in higher revenue and more employees. Novelty is a driver of the economic contribution to society. To examine the potentially economic contribution of the entrepreneur's ventures, we asked them to self-report their expected revenue and the expected employees in first and fifth year of operations. The Ukrainian entrepreneurs that participated in the IVDK HUB tailored training program expected a median of 12,000 € the first year of operation, growing to 108,000 € in the fifth year. This is significantly more than observed in the Google sample; the fifth year revenue is more than three times as high.

High expected revenue (median)



High expected number of employees (median)



Comparison Source: Global Entrepreneurship Monitor: Denmark 2014, US 2019

Looking at their expected number of employees, they have similar expectations to the Google sample, with a median of 3 in the first year of operation, growing to 5 in the fifth year. The fifth year expectations are substantially higher than what is observed among a representative sample of both Danish and US entrepreneurs.

It may be concluded that the Ukrainian entrepreneurs are particularly ambitious. Although we regard their expectations as likely over-optimistic, their strong psychological capital might be an explanation of their high ambitions.

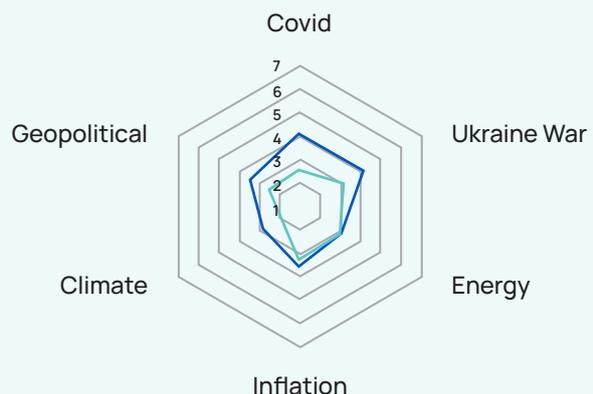
Exploitation of other crises

"Never waste a good crisis" is the well-known expression of Winston Churchill. It is also well known that crises create both new opportunities and constraints in entrepreneurship.

We found that the Ukrainian entrepreneurs saw more opportunities than constraints in some of ongoing crises (i.e. Covid, Ukraine war, climate and geopolitical). We found that high psychological capital, particularly personal initiative, explained fewer crisis constraints but were unrelated to crisis opportunities.

Crisis Driven Opportunities and Constraints for the Business

- Opportunities
- Constraints





Venture Progress during the training program

Progress during the training program

During the program we followed the Ukrainian entrepreneurs' venture-related progress. Based on previously academically validated measures, we assessed their venture goal commitment, venture progress, perceived obstacles and threat appraisals. This was done after the third, seventh and last workshop.

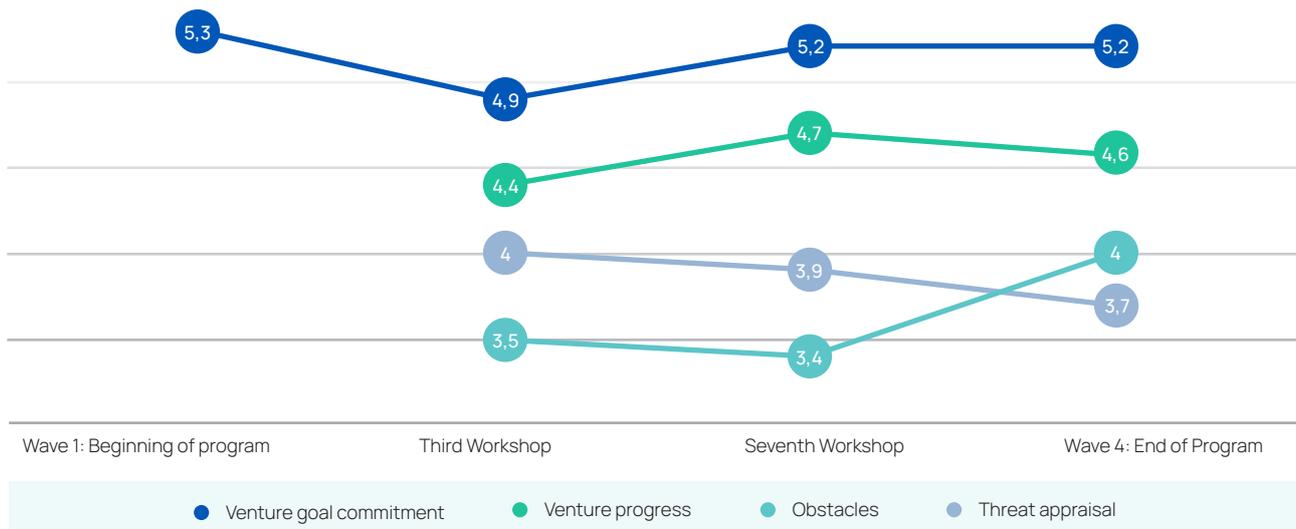
Below in the table sample items of the measurements are shown together with the original academic source.

Details on measures

	Items	Source
Venture goal commitment	6 items; sample items: "No matter what happens, I will not give up this new venture" and "Even if it means a lot of effort, I will do everything necessary to accomplish this new venture"	Uy, M. A., Foo, M. D., & Illies, R. (2015). Perceived progress variability and entrepreneurial effort intensity: The moderating role of venture goal commitment. <i>Journal of Business Venturing</i> , 30(3), 375-389.
Venture progress	4 items; sample items: "At this moment, I have made a great deal of progress concerning my venture goal" and "At this moment, I have had quite a lot of success in pursuing my venture"	
Obstacles	2 items: "During the past weeks, many things have happened that have obstructed my venture goal" and "During the past weeks, it is much harder than I thought to materialise this venture goal"	Brunstein, J. C. (1993). Personal goals and subjective well-being: A longitudinal study. <i>Journal of Personality and Social Psychology</i> , 65(5), 1061.
Threat appraisals	2 items: "During the past weeks, working on the venture has been quite stressful" and "During the past weeks, I have been able to cope with working on this venture" (reverse; opposite)	Tomaka, J., Blascovich, J., Kelsey, R.M., & Leitten, C.L. (1993). Subjective, physiological, and behavioral effects of threat and challenge appraisal. <i>Journal of Personality and Social Psychology</i> , 65. 248-260

Venture goal commitment measures the entrepreneurs' intensity of determination towards their goal of starting a business venture. Venture progress is the perceived temporary progress related to venture goal commitment. Obstacles are the perceived obstacles that have make setting up the business more complicated, and finally threats appraisals are the mental and emotional assessment of the possibility of and degree of threat.

Venture progress



Note: Scale 1 (Strongly disagree) to 7 (Strongly agree)

The Figure above displays the mean reported score of the four venture-progress related measures, at different times during the 10-week program.

Overall, the Ukrainian entrepreneurs were committed to the venture goals throughout the whole program, with a score between 5.3 and 4.9 and a small drop at the time of the third workshop.

Throughout the program they also experienced a steady progress with their venture goals. Of note, the venture progress variable reports on recent venture progress. Hence, the approximately same scores can be interpreted as steady venture progress during the program.

The Ukrainian entrepreneurs reported a similar level of obstacles in the middle of the workshop (third and seventh workshops), however at the end of the workshop they report experiencing more obstacles. This perception may reflect that with the program nearing completion, starting their venture is getting “more real”, bringing more practical challenges and obstacles to their attention.

Finally we observed a small, but steady decrease in the threat appraisals. The decrease can possibly be attributed to the impact of the training program, helping them to deal with threats related to their business.

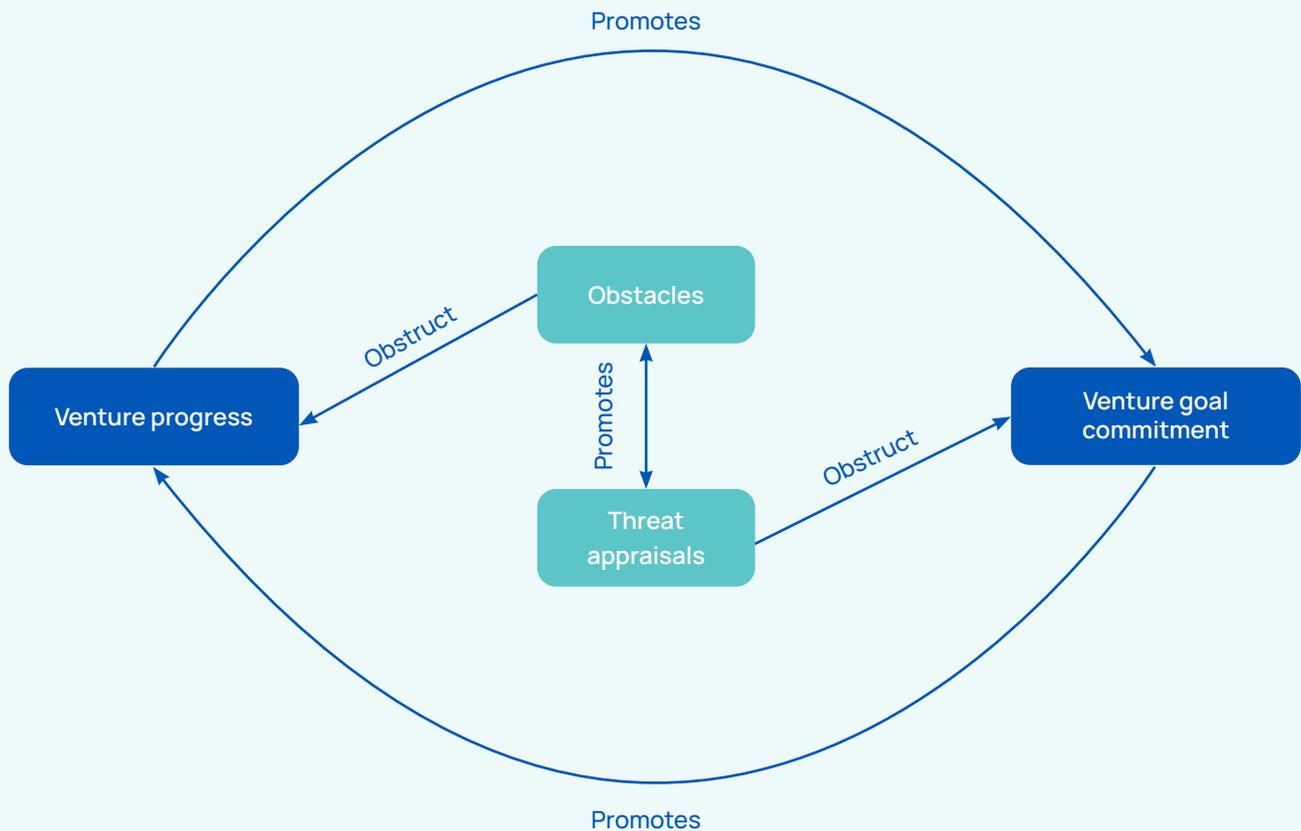
A VP - VGC framework

Investigating the relationship between venture progress, venture goal commitment, obstacles and threat appraisal throughout the training program, we developed a Venture Progress–Venture Goal Commitment (VP–VGC) Framework, illustrated below.

Specifically, we analysed time-lagged bilateral correlations in sequential survey waves to examine how the concepts are related. For instance, we examined whether venture progress in the third workshop was correlated with venture goal commitment in the seventh wave to evaluate whether venture progress impacted future venture goal commitment.

In doing so we identify a reinforcing loop between venture progress and venture goal commitment; that is, high venture progress increases venture goal commitment in the following wave, and high venture goal commitment increases venture progress in the following wave.

Figure: Venture Progress - Venture Goal Commitment (VP - VGC) Framework



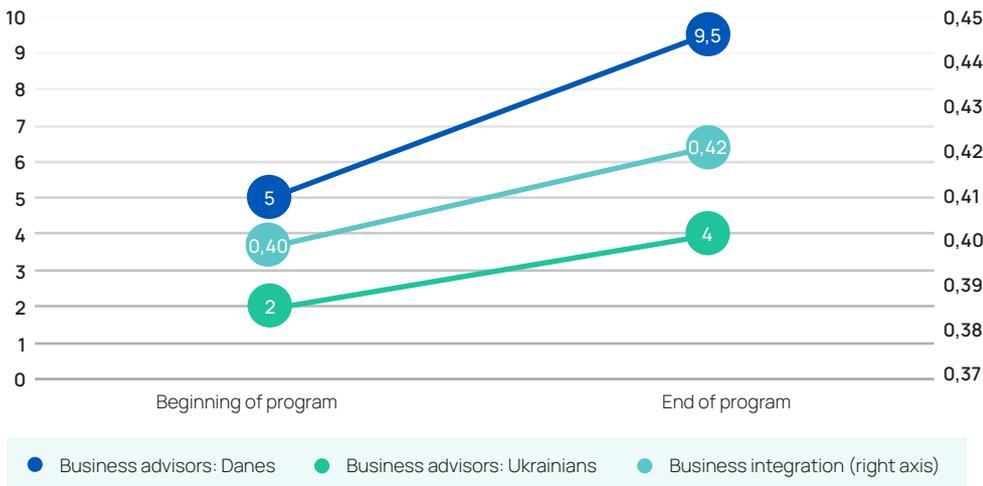
Similarly, low venture progress results in lower future venture goal commitment, and so forth. Accordingly, entrepreneurs can operate in negative or positive loop of progress and commitment. One way to disrupt these loops – whether negative or positive – is to remove either obstacles or threat appraisals. Obstacles and threat appraisal tend to move together. When entrepreneurs experience many obstacles their threat appraisal increases. And when they experience many obstacles the future venture progress is reduced, while threat appraisals reduces the ongoing venture goal commitment. These findings suggest that leaders of training programs, or entrepreneurs themselves, can manage their progress and commitment through initiatives that removed either obstacles or threat appraisals.

Integration through the program

We asked the Ukrainian entrepreneurs how many Danes and Ukrainians they have discussed their venture with at both the beginning and the end of the program. Both increased, with the median number of Ukrainians they discussed their venture with increasing from 2 to 4 and the number of Danes from 5 to 9.5.

A traditional way to measure labour market integration is to look at the ratio of networking with business advisors from home and host countries. Using this metric, Ukrainian entrepreneurs increased their integration, with the ratio increasing from 0.40 to 0.42.

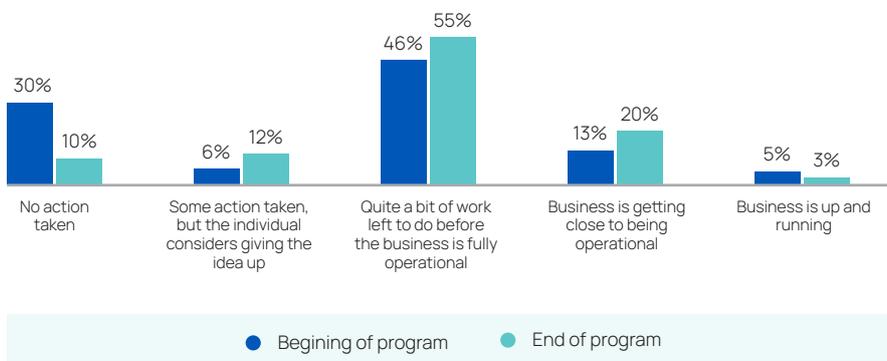
Ukrainian entrepreneurs network increasingly with Danes



Progress in the end of the program

We examined how much the Ukrainian entrepreneurs progressed in implementing their venturing process, from an initial stage of not having taken any concrete action, to a final stage in which they have started their venture. We found that 30% had not taken any actions as the beginning of the program started, but this number was reduced to only 10% by the end of the program.

The entrepreneurs move forward in the entrepreneurial process



In general for all steps towards getting the business up and running we observed a progress with 20% getting close to operational at the end of the program. The small observed decrease in the percent of businesses being operational is most likely a result of response bias, not indicating that some entrepreneurs have closed their businesses.

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Professor Kim Klyver

Kim Klyver is professor in entrepreneurship at University of Southern Denmark and adjunct professor at University of Adelaide. Before becoming a full professor, he has held postdoc positions at Swinburne University of Technology, Stanford University, and at Stockholm School of Economics as part-time visiting scholar.

Kim's current key research interests include entrepreneurship during crisis (including refugee entrepreneurship) and the role of social support, networking and social networks among entrepreneurs.

His research has received several rewards internationally, and he has published 50+ international peer reviewed journal articles, many in prestigious journals. His recent book with Tom Elfring and Elco van Burg "Entrepreneurship as Networking: Mechanisms, Dynamics, Practices, and Strategies" was published at Oxford University Press.

His 2022 book on crisis and SMEs (in Danish) was announced as the second best management book in 2022 by the major Danish business newspaper Børsen. He is regularly in the media as an expert and also frequently writes chronicles for the national newspapers.



Professor Paul Steffens

Paul Steffens is Professor of Entrepreneurship and Director of the Entrepreneurship, Commercialisation and Innovation Centre (ECIC), The University of Adelaide, Australia. He has previously held positions at Queensland University of Technology, The University of Queensland and Monash University, and visiting positions at Penn State University, Southern Illinois University and University of Southern Denmark.

His current research is concerned with the creation, development and growth of new ventures. He has been a chief investigator for several major research programs totalling over AUD 2 million, including the Comprehensive Australian Study of Entrepreneurial Emergence (CAUSEE) and the Australian Global Entrepreneurship Monitor (GEM). Paul's research has been published in leading entrepreneurship and management journals and received numerous international awards. He serves on the editorial board for the Journal of Business Venturing, the leading international entrepreneurship journal.

Research Report

Ukrainian entrepreneurs in Denmark after the Russian invasion



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