

EMERGENT APPROACH TO BUSINESS RESILIENCE: A STUDY OF UKRAINIAN ENTERPRISES

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Abstract. This study aims to profile the emergent behavioral responses of small and medium-sized enterprises (SMEs) in Ukraine to radical market changes and identify the cause-effect relationships that ensure their resilience through an emergent approach to strategic management. The article analyzes the results of a survey of 500 enterprises within the project "Advisory Support to SMEs in Ukraine Amid the Military Crisis", implemented by CMC-Ukraine with support from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Data were analyzed using MS Excel and RStudio. The study found that strategic decision-making profiles varied by sector. Grouping responses by functional areas (marketing, operations, finance, HR, digitalization) helped identify emergent strategy frameworks for different company clusters. These best practices were applied in the project "Access to Finance and Support for the Resilience of SMEs in Ukraine", funded by Deutsche Sparkassenstiftung für Internationale Kooperation, which ran from February to August 2023.

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1. Introduction

Post February 24, 2022, Ukrainian enterprises were confronted with a critical decision: to suspend operations or to continually adapt their strategies in response to the realities of wartime.

The unfavorable economic situation influences strategic decisions made by the management of Ukrainian companies in the country, the unpredictability associated with military operations, the constant threat of physical loss or damage to assets, power cuts, disruption of supply chains, port blockades, etc., which can be described as "zero predictability." As per the State Statistics Service of Ukraine, following 2022, the rate of GDP decline peaked in Q2 2022 at 36.9%. From Q3 onwards, the rate of GDP decline began to decelerate, and by year-end, the indicator stood at -31.4% (Samoiliuk, 2024).

Small and medium-sized enterprises (SMEs) were the first to demonstrate adaptability in overcoming wartime challenges. Before the Russian Federation's full-scale military invasion of Ukraine in 2021, SMEs contributed approximately 60% to Ukraine's GDP (Ukrinform, 2022). Post February 24, 2022, SMEs became the cornerstone

of Ukraine's economic recovery, thanks to the mobility of assets, swift decision-making, the absence of bureaucratic procedures, a predominantly democratic management style, and unconventional approaches to information processing.

A strategy developed in the face of high information asymmetry involving intuition, experience, and data is primarily characterized by emergence. Henry Mintzberg defines an emergent strategy as a pattern of actions that evolves as a business aligns its objectives with changing circumstances (Mintzberg, 1987).

Despite the issue's long-standing history, the emergent strategy concept has recently regained relevance. This can be attributed to several reasons:

- Emergent strategies enable companies to avoid being constrained by formal plans or spending time on their design, thereby ensuring higher efficiency and adaptability to rapidly changing conditions.
- Emergent strategies emphasize the company's ability to continually grow by identifying opportunities and innovations.
- Emergent strategies inherently stimulate the synthesis of information from diverse sources and in varied

formats, which results in reducing information asymmetry in the company's strategic process.

Ukrainian enterprises are currently grappling with these very challenges (survival amidst existential threats). As per the Institute for Economic Research and Policy Consulting (Kuzyakiv et al., 2022), in November 2022, uncertainty about the overall economic landscape stood at 46.3% for medium-sized enterprises and 37.2% for large ones, both exhibiting a downward trend. Conversely, the uncertainty level for micro and small enterprises escalated, estimated at 52.8% and 56.5%, respectively. These statistics underscore the high vulnerability of SMEs to the adverse impact of destabilizing external factors, necessitating both support from third-party institutions and the development of adaptive behavior practices from a strategic perspective. While the issue of external support is clear (in particular, American and European partners provide substantial grant support for consultancy support programs for SMEs in Ukraine, one of which was the project "Consulting Support of Small and Medium-Sized Businesses of Ukraine in the Crisis Period Caused by the War", implemented from April to November 2022 by CMC-Ukraine with grant support from the Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ), exploring the survival and development practices adopted by Ukrainian SMEs in the context of war remains a promising research endeavor.

This article aims to analyze the behavioral reactions and management decisions of small and medium-sized enterprises (SMEs) in the context of "high uncertainty" brought about by the full-scale war in Ukraine. The primary objective is to identify the emergent behavioral responses of enterprises to radical market changes during the early stages of the Russian military invasion and to establish statistically significant relationships between these responses and the strategic solutions adopted to address the developmental challenges faced by Ukrainian enterprises.

Additionally, this study introduces the innovative Emergent Three-Component Framework designed to enhance enterprise resilience by integrating human-centeredness, sustainable development, and adaptability into strategic management practices.

In particular, we focused on the following research objectives: 1) to identify the needs of business managers in formulating business strategies to ensure their survival and development in the context of "high uncertainty"; 2) to verify the statistical significance of the results of the analysis of the strategic choice of the studied enterprises; 3) to propose the logic of applying an emergent approach to the strategic choice of an enterprise to ensure its resilience in the face of existential challenges.

These issues remain controversial, despite ongoing monitoring of the state of small and medium-sized enterprises in Ukraine by individual researchers and institutions (e.g., Kuzyakiv et al., 2022). There are also ongoing attempts to identify practical management approaches to working with the future, given the practical impossibility of formal forecasting.

The paper is structured as follows: The introduction outlines the study's objectives, scope, and significance. The second section reviews contemporary literature, focusing on emergent strategies and their applications in crises. The third section details the methodology employed in the research, including its design and stages. The fourth section presents the findings, highlighting the identified emergent behavioral reactions and their statistical links. The discussion interprets these findings, identifying theoretical and practical implications and addressing gaps in the existing literature. Finally, the conclusion summarizes key insights, limitations, and directions for future research.

2. Literature review

Researchers persist in studying the strategic behavior of companies across various business areas and at different levels of the economic system.

In the context of high dynamism and low predictability of business conditions, there is a growing interest in the ideas of Henry Mintzberg and James A. Waters (Mintzberg & Waters, 1985) about emergent strategies. Specifically, based on the inherent properties of emergent strategies, which are centered around adaptability, innovativeness, and a non-formalized behavior pattern, scientists investigate its sources (Mirabeau & Maguire, 2014), elucidate its distinguishing features in comparison to planned strategies (Stretton, 2021; Cory, 2024; Seidl et al., 2024; Jarzabkowski et al., 2024; Balzano & Bortoluzzi, 2024) and present the advantages of emergent strategies in ensuring adaptation to diverse environmental conditions (Tan, 2023; Ireta-Sanchez, 2024).

The efficiency of emergent strategies in various contexts has garnered researchers' attention. Jing Zhao, Ming Wang, and Li Min Zhu delve into the role of emergent strategy in institutional work and substantiate that "emergent strategy influences the normative and cognitive institution unconsciously and offers actors specialized identities" (Zhao et al., 2017).

We glean valuable insights by examining the implementation of emergent approaches by successful companies. This context facilitates the study of Lenovo's growth in a developing economy, and the methods the company employs to mobilize its resources and conduct strategic searches, the results of which are described by (Shu, 2017).

A distinct thematic direction of emergent strategy research pertains to the readiness of management and involved personnel to engage with these emergent strategies. As Sabyasachi Sinha notes in the article "The emergent-strategy process of initiating organizational ambidexterity": "Attaining and sustaining firm ambidexterity is a managerial challenge. This challenge is addressable, by having ambidextrous TMTs – team members with complementary competencies of exploration and exploitation, with proper coordination within team members, and relatively balanced power sharing among the team members. Such a team at the top of the organization and their signaling builds the context to support increased exploration

and exploitation activities at multiple levels of the organization." (Sinha, 2019).

The global interest in resilience, as the ability of a system to withstand external and internal negative impacts, is driven by the evolutionary transition of the global economy to the Industry 5.0 paradigm. This is reflected in the systemic projects of the European Commission (European Commission, 2021) and the World Bank (2020). The primary objective at the global level is to ensure the sustainable and balanced development of economic systems based on ESG (Environmental, Social, and Corporate Governance) governance. However, resilience is multidimensional (Heiets et al., 2023).

Ukrainian researchers are actively engaged in the identification of potential strategic solutions that may emerge in the context of the current national situation. A review of the scientific literature by Ukrainian scholars has identified a number of important thematic areas. These include the study of the impact of macroeconomic changes caused by the crisis on the economic strategies of companies (Chernii et al., 2022) and the analysis of how companies make strategic decisions in the context of full-scale military aggression by the Russian Federation (Danylenko & Venger, 2022; Deineko et al., 2022). Implementing innovative business strategies in response to unpredictable changes, particularly under martial law, is a topic of study for scholars (Stahurska, 2023). Moreover, the concept of resilience in economic processes and systems is also being developed, with a particular focus on the ability of businesses to withstand disruptions and maintain operational continuity (Cherevatskyi, 2023; Ligonenko & Andriychuk, 2023). Researchers are examining the principles of developing emergent strategies in the context of enterprise development management (Verba & Grebeshkova, 2010; Bezzubko & Tkachenko, 2022).

We can state that no systematic studies reveal the patterns of preparation and implementation of strategic decisions at the level of individual enterprises in the context of a full-scale war in Ukraine. Therefore, we will focus on the study of practices implemented by Ukrainian enterprises, primarily small and medium-sized enterprises, in 2022 (Verba et al., 2023), which will add to the library of case studies for further research.

Additionally, we utilized the results of enterprise surveys (Kuzyakiv et al., 2022) published by the Institute for Economic Research and Policy Consulting as part of the "Ukrainian Business During the War" project, dated May 2022. The survey was conducted using the Business Tendency Survey approach, which provides an assessment of the situation based on the consolidated judgments and expectations of respondents regarding their enterprises' situation. The consolidated results of this study ascertain the status and describe the dynamics of operations of Ukrainian SMEs. However, the issues of promising directions for their further development remain unresolved, especially given the low or zero predictability of events in Ukraine in the near future.

3. Methodology and research methods

This study is grounded in the resource-based approach within strategic management theory (Barney, 1996). We assumed that even under conditions of zero predictability, a firm's sustainable competitive advantage is achieved through its valuable, rare, difficult-to-reproduce, and irreplaceable resources, such as unique physical assets, technologies, intellectual capital, and organizational capabilities. Dynamic capabilities, defined as an organization's ability to continually renew and adapt its resources and capabilities, are critical for maintaining competitive advantage in turbulent environments.

The methodological approach of this study consists of three main stages:

1. Preparatory Stage. Data collection and identification of target enterprises for analysis. Data were derived from the "Ukrainian Business During the War" project conducted in May 2022 by the Institute for Economic Research and Policy Consulting.

2. Analytical Stage. Quantitative and qualitative analysis of collected data, focusing on strategic decisions made by small and medium-sized enterprises (SMEs) under conditions of low predictability. Statistical tools, including Microsoft Excel and RStudio, were employed to analyze and visualize the data.

3. Empirical Modeling Stage. Construction and validation of an empirical model incorporating analysis results to identify the most effective strategic approaches.

This research addresses a unique context – emergent strategies during a full-scale war in Ukraine – to fill a critical gap in the literature. Unlike previous works, which have not examined such extreme conditions, this study provides empirical evidence on the adaptive responses of SMEs to existential threats.

Resilience is conceptualized as the outcome of emergent strategic choices, demonstrated by a firm's ability to continue operations and maintain economic efficiency amidst unforeseen changes. In this context, resilience was measured using two key indicators:

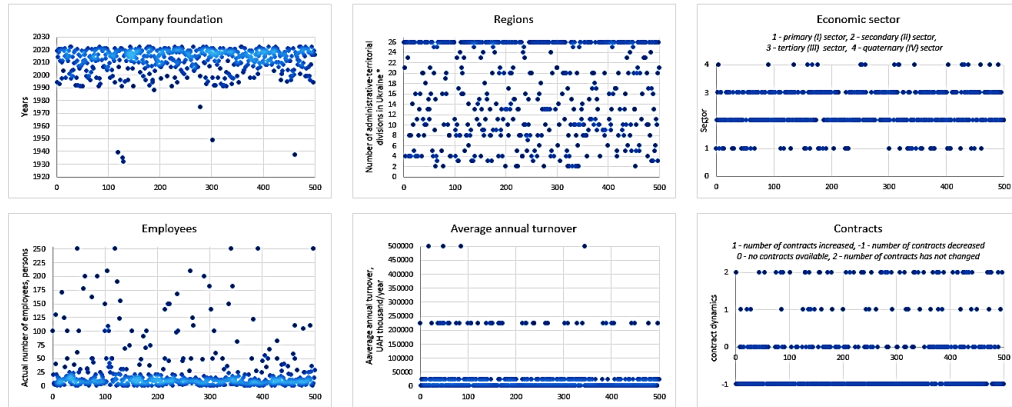
1. Firm Productivity: The ratio of average annual turnover to the actual number of employees.

2. Business Activity: The dynamics of contracts, including increases, stability, or decreases since the onset of the war.

The study incorporated and adapted methods used by other scholars:

- Kuzyakiv et al. (2022): Business Tendency Survey methodology for assessing enterprise states.
- Shu (2017): Insights on strategic pursuits in developing countries.
- Sinha (2019): The necessity of ambidextrous teams for enhancing management efficiency.

We analyzed data from 500 Ukrainian enterprises surveyed as part of the "Consulting Support of Small and Medium-Sized Businesses of Ukraine in the Crisis Period Caused by the War" project. The sample was randomly



Note: * Numbers of administrative-territorial divisions are shown in Figure 2.

Figure 1. Diagrams of the distribution of sample enterprises by year of establishment (Company foundation), region of operation (Regions), sector of the economy (Economic sector), number of employees (Employees), average income (Average annual turnover), and export contracts (Contracts) (source: constructed by the authors using the Data Analytics package in Excel, based on their data)



Figure 2. Number of sample enterprises by region of Ukraine (source: authors)

selected, encompassing enterprises established post-1991 (Figure 1) and operating in 24 regions of Ukraine (excluding Crimea, Sevastopol, Luhansk, and Khmelnytskyi regions) (Figure 2).

The enterprises were categorized as follows:

- Economic Sectors: Primary (10%), Secondary (48%), Tertiary (38%), and Quaternary (4%).
- Number of Employees: Microenterprises (52%), small enterprises (37%), medium enterprises (10%), and large enterprises (1%).
- Average Annual Revenue: 35% earned less than UAH 1 million, while 0.8% exceeded UAH 500 million.
- Contract Dynamics: 26 enterprises increased the number of contracts, 49 maintained stability, 319 experienced a decrease, and 106 reported no contracts.

The questionnaire included 12 open-ended questions about the status and dynamics of enterprises before and after February 24, 2022. Responses were processed to meet the requirements for statistical analysis and automated data processing, enabling visualization and comparison of results across datasets.

This study identifies enterprises’ behavioral responses and proposes a new approach to their analysis. The findings provide actionable insights for developing strategies in similar crisis conditions, enhancing resilience through dynamic capabilities and emergent strategies.

4. Results

4.1. Structuring SME’s business strategies by economic sectors

This study presents an analysis of the challenges faced by the surveyed companies based on the respondents’ answers to consultants’ questions regarding their understanding of the issues that emerged after 24 February 2022. In particular, respondents were requested to identify one of the aforementioned issues that they considered to be the most pertinent: the search for new markets and customers (both domestic and international), the increase in sales, the recovery and optimization of production and operational processes; the restructuring of business models and the reorientation of products and services; the certification of products and systems; the resolution of personnel issues (shortages, competence, motivation, communication), the re-profiling of personnel; the sourcing and raising of financial resources (loans, grants, investments); the optimization of company costs; and the digitalization and digitally transforming of the business (IT assistance).

The responses were grouped into five functional decision-making blocks: A (Markets) – searching for new markets and customers (in Ukraine and/or abroad), increasing sales; B (Operations) – restoring and optimizing operational and production processes, restructuring the business model and reorienting products/services, certifying products and systems; C (Personnel) – addressing company personnel issues (shortages, competence, motivation,

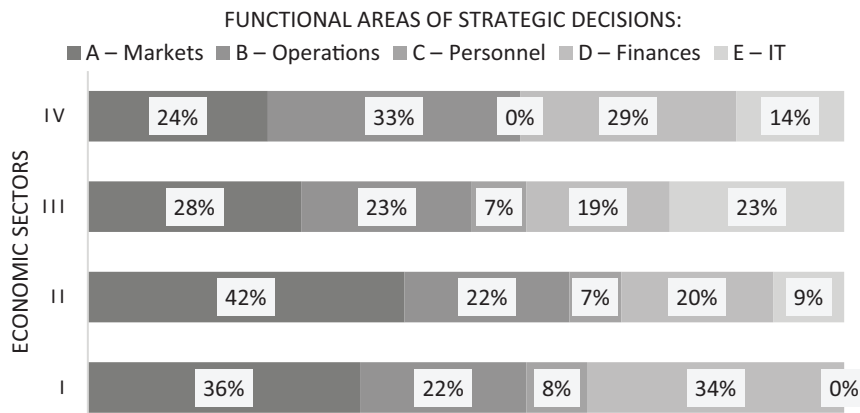


Figure 3. Profile of relevant strategic decisions by five functional areas when addressing developmental challenges of enterprises from the sample in four economic sectors (I–IV) (source: authors)

and communication), re-profiling personnel; D (Finances) – seeking and attracting financial resources (loans, grants and investments), optimizing company costs; and E (IT) – digitalizing and digitally transforming the business. Respondents could select multiple answers (multiple-choice) (Verba et al., 2023). The results (Figure 3) suggest that the strategic decision profile varies among groups of surveyed enterprises from different economic sectors.

In particular, for 70% of enterprises in the primary (I) sector of the economy (agriculture), the most popular solutions are market and financial strategies (36% and 34% of surveyed companies, respectively). A mere 22% of companies in this group focus on operational strategies, while a mere 8% do so regarding HR development strategies. Notably, these companies do not perceive digitalization as a promising avenue for development. In the context of the emergence of this principle as a strategic behavior for SMEs in times of crisis, this profile of strategic decisions demonstrates a need for developing dynamic opportunities to enter new markets and formulating appropriate strategies for financing the company's operations. It seems probable that these and similar Ukrainian enterprises will continue to operate within the paradigm of the industrial economy shortly and will attempt to regain their positions in the domestic and foreign agricultural markets by optimizing their financial resources.

In the strategic decision profile of enterprises from the secondary (II) economic sector (consumer and food industry, construction, woodworking, and furniture production), 42% of respondents indicated their primary focus was identifying suitable marketing solutions. In comparison, another 22% cited the optimization of operational processes as their primary objective. Twenty percent of respondents identified financial aspects of the business as a primary concern. Notably, 9% of enterprises from this group have already identified the issue of digitalization, while nearly 7% have highlighted the necessity for personnel development. It may be inferred that enterprises in this sector are already aware of the necessity to cultivate dynamic organizational capabilities aligned with the demands of a post-industrial business environment.

The surveyed enterprises of the tertiary (III) economic sector (trade) consider the search for strategic solutions in the areas of operationalization and digitalization of their businesses to be of equal importance (23% and 24%, respectively) alongside issues of marketing efficiency (as stated by 28% of respondents from this group). An additional 19% of respondents indicated that their primary focus is on resolving financial problems, while 7% identified the necessity of strategic decisions in personnel development. Indeed, this group represents the cohort of enterprises most prepared for the transition to the post-industrial era. Nevertheless, a transformation of their business models is necessary, aligning these models with contemporary digital solutions in the operational, marketing, and financial domains.

Considering the enterprises in the quaternary (IV) economic sector (information technology, professional, scientific, and technical activities), there is no evident demand for personnel development strategies. This may be indicative of a relatively high level of competence in the utilization of human resources. It is also noteworthy that 33% of respondents are focused on issues related to business operationalization, 29% on financial issues, 24% on marketing issues, and 14% on digitalization issues. It seems reasonable to posit that these enterprises are seeking efficient strategic solutions in all functional areas to a similar extent.

Systematizing respondents' answers by functional areas of strategic decisions reveals that searching for new markets is the most pressing issue for the surveyed enterprises (block A, 67% of all respondents). This issue is the most urgent for primary, secondary, and tertiary enterprises.

Strategic decisions related to optimizing operational processes (block B) are relevant for 39% of all respondents. However, unlike the enterprises of the primary, secondary, and tertiary sectors, which focus on finding marketing solutions, the group of enterprises from the quaternary sector sees optimizing their operational processes as a priority in their search for strategic solutions to exit the crisis.

Among all the surveyed enterprises, the issue of personnel management was the least mentioned (block C), with only 24% of all respondents. As previously noted, for the group of enterprises from the quaternary sector, this functional area was not of interest at the time of the study.

Enterprises from the primary and quaternary sectors are faced with searching for suitable financial strategies (block D), the second most frequently mentioned issue in this functional area. It should be noted that companies in other sectors also face financial problems, albeit less acute ones.

Finally, the issue of business digitalization (block E) is relevant for 36% of all respondents, which should be recognized as a relatively high level. Digitalization issues are most acute for enterprises from the tertiary sector, while they are not relevant for the primary sector (at the time of the study).

4.2. Analysing strategic choices in business using statistical methods

In order to understand the distribution of the data and to identify relationships between variables, several statistical observations were made on the sample of 500 enterprises, including several parameters (average annual number of employees and average annual turnover). A review of the database using an Excel data analysis package (Table 1) showed that the sample of enterprises is characterized by significant variability in terms of the number of employees and turnover.

Table 1. Statistical indicators of SMEs that form the basis of the study (source: authors)

Indicator	Actual number of employees at the time of the survey	Average annual turnover of the company
Mean	25,726	29 939,000
Standard Deviation	44,371	73 619,021
Kurtosis	9,633	14,580
Skewness	3,051	3,593
Minimum	1	500
Maximum	251	500 000
Count	500	500
Confidence Level (95.0%)	3,899	6468,563

The majority of enterprises are characterised by a relatively small number of employees and revenues, as evidenced by the median and mode. The positive skewness and high kurtosis values indicate that the majority of firms are situated towards the lower end of the distribution, with several values markedly disparate from the mean. The data may indicate a notable heterogeneity in the size and income of the enterprises within the sample.

According to the Normal Q-Q Plot (Figure 4), the distribution of the sample data deviates significantly from the normal distribution.

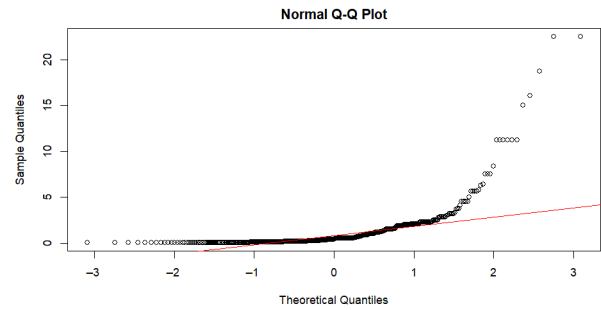


Figure 4. Structure of relevant strategic decisions by five functional areas when addressing developmental challenges of enterprises from the sample in four economic sectors (I–IV) (source: concluded by the authors in RStudio based on survey data)

This is a logical approach, given that the sample was formed due to the random accession of enterprises of different ages, sizes, and productivity to the project of consulting support for their resilience in the initial months following the outbreak of full-scale hostilities in Ukraine. Accordingly, it seems reasonable to maintain the sample’s composition and employ non-parametric statistical analysis techniques to assess the rationality of emergent strategic decisions.

The aforementioned summary of the respondents’ answers offers insight into the expectations of the survey participants. Nevertheless, It is pertinent to enquire whether these results can be considered to demonstrate a statistically significant outcome.

We have tried to identify whether there is a link between the sector of activity of the enterprise and the choice of strategic decisions to maintain its resilience. The surveyed enterprises were assigned to one of four sectors of the economy (I – primary, II – secondary, III – tertiary, IV – quaternary). Each respondent selected one or more solutions from a list of options in five functional areas: marketing, operations, human resources, finance, and digitalization. The results of the Fisher’s Exact Test with simulated p-value, conducted in RStudio, are presented in Table 2.

Table 2. Results of Fisher’s exact test for count data with simulated p-value (based on 2000 replicates) (source: own research)

Factors	p-value
Economic sector, Strategic decisions in the field of marketing (Block A)	0.03448
Economic sector, Strategic decisions in the field of operations (Block B)	0.3298
Economic sector, Strategic decisions in the field of HR management (Block C)	0.2494
Economic sector, Strategic decisions in the field of finance (Block D)	0.4858
Economic sector, Strategic decisions in the field of business digitalization (Block E)	0.1309

The analysis yielded statistically significant results about the correlation between the sector of the economy to which the enterprise belongs and the strategic marketing

decisions taken (Block A) (p -value = 0.03448). The remaining strategic decisions about operations, human resources, finance, and digitalization do not demonstrate a comparable relationship. This suggests that management's selection of these factors is contingent upon situational factors and is likely to be influenced by other variables.

4.3. Emergent framework within the strategic process of the enterprise: Opportunities and limitations amid existential challenges

Given the high unpredictability of changes inherent in modern Ukraine, two approaches can be equally used to develop a business strategy: the expert approach HiPPO (Highest Paid Person's Opinion) and the analytical approach DDDM (Data Driven Decision Making). Thus, Ukrainian management is faced with organically combining different methods of preparing and making strategic decisions based on the emergent approach.

The conceptual essence of emergent strategies was described by H. Mintzberg (Mintzberg & Quinn, 1996). Mintzberg's interpretation of the essence of emergent strategy can be summarised as follows: emergent strategy itself does not have specific goals; it does not follow a specific path to success but can be as effective as a pre-defined (planned) strategy; relying on a consistent pattern of behavior, an organization can achieve the same level of success as if it followed a detailed plan. This interpretation of emergent strategy is widely accepted in strategic management theory.

Emergence is the result of at least three factors: 1) a sudden nonlinear increase in a previously insignificant property of a system (or its components); 2) an unpredictable bifurcation of any subsystem; and 3) recombination of links between elements. Thus, an emergent strategy develops spontaneously without direct (formalized) planning. The value of emergent strategies in a crisis is to ensure a relevant response of the enterprise to unpredictable changes in product demand, product life cycle, value chains, integration/disintegration processes, etc.

Along with the obvious advantages of ensuring the development of an enterprise in conditions of high unpredictability of changes in the market environment, emergent strategies have certain disadvantages and limitations (Table 3).

As our findings described above show, the strategic process in Ukrainian companies is currently mostly informal and spontaneous. This is due to the need to constantly respond to changes in the operating environment, such as the transformation of markets for goods and resources, the mobility of the competence profile of employees and other stakeholders, and the mismatch between strategic intentions and available resources.

However, the successful implementation of an emergent strategy can be ensured by following the five main steps outlined by K. Ohmae: 1) a clear definition of the business area; 2) identification of the driving forces in the firm's environment and understanding of their cause and effect relationships; 3) comprehensive resource allocation to the selected strategic alternatives; 4) maintaining a balance between the pace of strategy implementation and the firm's resources; 5) establishing a balance between the stability of strategic intentions and their revision (Ohmae, 1982).

Thus, the transformation of the strategic management system at the enterprise level gains new relevance in the context of the modern Ukrainian economy.

The preparation of tactical and strategic management decisions in organizations should ensure the development and increase of the level of sustainability of Ukrainian enterprises in a dynamic and almost unpredictable economic, social, technological, and environmental environment. Promoting the emergent approach in Ukrainian strategic management practice has the potential to solve not only the operational tasks of survival but also the future tasks of recovery in the post-war period, which is an urgent challenge for the country.

As the experience of Ukrainian enterprises that survived wartime shows, using emergent strategic solutions allows them to effectively withstand external challenges and determine the direction of future growth.

In our opinion, we can offer a "three-component emergent framework" for the strategic development of Ukrainian enterprises in all sectors of the economy based on the principles of human centrality, sustainable development, and resilience, as set out by the European Commission (European Commission, 2021) in the concept of Industry 5.0. The studied enterprises implement their business strategies by balancing all three components of the emergent framework.

Table 3. Opportunities and limitations of an emergent strategy for an enterprise (source: compiled by the authors following (Mintzberg et al., 2005))

Opportunities (Advantages)	Limitations (Disadvantages)
Increased flexibility of the enterprise in a turbulent environment	The threat of the enterprise's "strategic drift."
Relevant and quick response to opportunities and threats in the market environment	Unclear goals definition, mainly intuitive (situational) approach to information analysis and selection of a set of actions for enterprises, which makes the result directly dependent on the decision-making subject
Alignment of stakeholders' interests due to their extensive involvement in the strategic process	Complicated assessment of the strategy implementation outcomes and the impossibility of formal risk assessment due to minimization of its development time

Human-centricity should be implemented strategically, including staff development (internal context) and a customer-oriented approach (external context) based on partnerships. The promotion of human-centricity in strategic practices is supported by dynamic capabilities (Teece, 2007), which rely on strategic vision, HR, and marketing strategies. However, since the beginning of the full-scale war, Ukrainian businesses have faced challenges, including the reduction of qualified personnel.

To fully implement human-centricity in the internal context, Ukrainian businesses need to address staffing issues and improve the qualification levels of their employees. The customer focus of Ukrainian businesses will also transform, driven primarily by changes in the presence of Ukrainian products in global markets.

Under martial law, Ukrainian businesses can expand sales primarily by entering foreign markets. However, most SMEs lack experience in foreign markets, or this practice is infrequent. In a surveyed sample, 67% of enterprises reported no external contracts (58% in the primary sector, 64% in the secondary sector, 75% in the tertiary sector, and 67% in the quaternary sector). This highlights that Ukrainian companies operate within an industrialized economy paradigm, exporting mainly low-value-added products, such as raw materials and processed goods (particularly agricultural products).

External factors explain the orientation of Ukrainian companies towards the European market. The EU is one of the largest donors to the Ukrainian economy, leading to a focus on the Eurozone and a dependency on existing supply chains. Nonetheless, Ukrainian producers should explore opportunities in markets on other continents, particularly for traditional exports like grain, chemical fertilizers, timber, and handicrafts. There is potential for expanding the practice of “localized” strategic decisions, based on the principle of “think globally – act locally,” to increase the resilience of enterprises in the primary and secondary sectors.

Sustainable development within strategic decision-making frameworks is reflected in environmental compatibility, an ecosystem approach, and corporate responsibility towards the environment and society. Enterprises in

the tertiary and quaternary sectors are critical in Ukraine’s transition to a post-industrial economy. Ensuring sustainable development based on technological excellence and social responsibility requires the formation and development of competencies (Prahalad & Hamel, 1990) and dynamic capabilities (Winter, 2003) in innovation, investment, and social communication (Gajdzik et al., 2021).

In the context of sustainable development, special attention should be paid to fostering social entrepreneurship or socially responsible business in Ukraine. This will create the necessary conditions for the harmonious development of Ukrainian society, particularly considering the growing proportion of vulnerable populations, including people with disabilities, veterans, and orphans. Therefore, long-term business strategies should include a social component to enhance resilience.

Resilience is achieved through the systemic ability of an organization to attract and effectively utilize resources to respond proactively to unforeseen changes in the operating environment. Resilience requires balancing expected results, current conditions, and available resources. A key aspect of this balancing is the dynamic capability of organizations in the field of Data Science, which defines the appropriate level of digitalization of processes, systems, and relevant professional training.

By focusing on human-centric strategies, expanding into global markets, and embracing sustainable and socially responsible practices, Ukrainian businesses can enhance their resilience and competitiveness in both domestic and international markets while contributing to the long-term development of the national economy.

In Table 4, we have collected and summarised the opportunities and constraints that exist in the implementation of the emergent approach in strategic business management in Ukraine, taking into account our understanding of the three-component emergent framework and the results of the study of the practice of strategic decision-making by Ukrainian enterprises in the context of low predictability of business conditions.

In the context of our study, we would like to emphasize that in the modern Ukrainian business environment, company management should focus on dynamic abilities

Table 4. Opportunities and limitations of emergent strategic decisions in Ukrainian business since the beginning of a full-scale war (source: authors)

Components of the Emergence Framework	Opportunities for Ukrainian business	Limitations for Ukrainian business
Human centeredness	Increasing business efficiency by strengthening partnerships, developing staff, and implementing a customer-centric approach.	Lack of labor resources, insufficient staff training, and difficulties with introducing new approaches are due to a lack of experience in modern management methods.
Sustainable development	Increase environmental responsibility and technological excellence and introduce innovations and social responsibility practices to strengthen competitive advantages.	Insufficient investment in environmental and social initiatives, limited financial resources for innovative development and social responsibility.
Resilience	Increasing enterprises’ adaptability through digitalization and systematic resource management to ensure resilience to crises.	Insufficient staff digital literacy, limited implementation of modern technologies, and Data Science systems.

in the field of innovation (product, technological, managerial, etc.) based on digitalization, which is a reasonably well-established trend in the development of Ukrainian society (although not yet in business). It should be noted that the surveyed companies are not focused on this issue (Strategic decisions in the field of business digitalization (Block E in Figure 4) remain secondary), which indirectly confirms the assumption that at this stage of its development, Ukrainian business is only moving to a higher level, only striving for the Industry 5.0.

5. Discussion

Attempts to identify the profile of firms' behavioral responses to the radical change in the business environment in Ukraine with the outbreak of full-scale military operations have yielded mixed results.

This study contributes to the strategic management literature by addressing the theoretical gap concerning the adaptation of small and medium-sized enterprises (SMEs) under conditions of zero predictability. Specifically, it reveals the role of emergent strategies in navigating extreme disruptions, providing empirical evidence on Ukrainian enterprises' behavioral and strategic adjustments. Unlike prior studies focusing on planned strategies, our findings underscore the dynamic capabilities necessary for resilience in a volatile environment.

On the one hand, we obtained a snapshot of the needs and perceptions of Ukrainian business managers about strategically attractive areas for survival in the face of zero predictability of the prospects for developing the Ukrainian economy in the first months of full-scale military operations. The general results show that the management of the surveyed companies mainly focuses on finding new opportunities in marketing, operations, and finance (38%, 23%, and 20% of respondents, respectively). Human resources management and digitalization decisions are significantly lower in the "importance rating" (10% and 9%, respectively). These results somewhat contradict the prevailing view at the time (first half of 2022) that the most pressing problems are concentrated in the areas of human resources (filling vacancies, retaining teams, etc.) and enabling remote working through digital technologies (Kuziakiv et al., 2022).

It appears that after the initial shock of the outbreak of hostilities, companies quickly shifted their attention from current problems to looking for strategic areas of development, including:

- Identifying new markets (including abroad) and rebuilding contract portfolios – almost 64% of respondents reported a reduction in the number of contracts, and a further 21% had no contracts at all since the start of the full-scale war;
- Improving their business models, including reducing costs and adapting to the new business environment, as more than 85% of companies surveyed operated on a B2B model, which is extremely sensitive in a state of war;

- Seeking additional sources of funding to support their operations.

Given the martial law in Ukraine, market expansion is primarily achievable through Ukrainian enterprises entering foreign markets. However, most SMEs either lack experience in foreign markets and with foreign partners, or such practices are infrequent. Specifically, in the surveyed sample, 67% of all enterprises have no foreign contracts (58% are enterprises from the primary economic sector, 64% from – the secondary sector, 75% from – the tertiary sector, and 67% from – the quaternary sector).

The statistical analysis of the relationship between strategic decisions and enterprise productivity shows mixed results. While marketing decisions positively correlate with productivity ($\tau = 0.09824668$), decisions in operations, HR, finance, and digitalization demonstrate negative correlations. This highlights the complexity of evaluating the immediate impact of these functional areas, which often entail additional costs and require a longer time lag to realize their benefits. Managers should consider these areas as enablers with indirect effects on resilience rather than direct contributors to productivity. Strategic investments in HR and digitalization should focus on long-term sustainability and alignment with dynamic capabilities.

Our findings suggest several avenues for further investigation. Future studies should:

- Explore significant resilience factors in greater depth, particularly in the context of SMEs in volatile environments.
- Examine the interplay between dynamic capabilities and emergent strategies, particularly in fostering partnerships and enhancing adaptability.
- Investigate sector-specific impacts of external shocks on strategic decision-making.

6. Conclusions

Since the outbreak of the full-scale war, Ukrainian businesses have faced numerous challenges, including migration, infrastructure destruction, loss of production capacity, and a drop in exports. These disruptions, compounded by shifts in consumer behavior, have emphasized the need for external assistance and a holistic approach to economic resilience.

SMEs have adapted their strategies based on economic sector needs, focusing on exploring new markets, optimizing processes, and financial adjustments. Sector-specific challenges include limited digitalization in the primary sector and the need for operational optimization in the quaternary sector. Strategic investments in human resources remain underprioritized but critical.

To address these challenges, this study proposes an Emergent Three-Component Framework for strategic management, emphasizing:

1. Human-Centeredness: Prioritizing workforce development and consumer-centric strategies to enhance adaptability.

2. Sustainable Development: Integrating environmental, social, and governance (ESG) principles to align with global standards and ensure long-term viability.
3. Resilience: Fostering dynamic capabilities to adapt swiftly to external shocks and ensure operational continuity.

By adopting this framework, Ukrainian businesses can navigate the uncertainties of wartime conditions while laying the groundwork for recovery within the Industry 5.0 paradigm. The proposed framework addresses immediate survival challenges and offers a structured pathway for long-term strategic development.

This study acknowledges certain limitations, including reliance on self-reported data and focusing on the specific context of wartime Ukraine. To build on these findings, future research should identify key resilience factors specific to SMEs in high-risk environments, explore the role of partnerships and collaborative networks in enhancing adaptability, and investigate the sectoral nuances of strategic decision-making to develop tailored support mechanisms.

This research underscores the critical role of emergent strategies and dynamic capabilities in enabling Ukrainian SMEs to adapt to and thrive amidst existential challenges. While the path to recovery is fraught with uncertainties, a deliberate focus on innovation, human-centered approaches, and sustainable development will ensure that businesses are equipped to rebuild and contribute to the national economy's resilience and transformation in the post-war era.

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