ENTREPRENEURIAL CAPITAL MIGRATION: TRANSFORMATION AND CHALLENGES UNDER WAR

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Abstract. This monograph chapter examines the transformation of entrepreneurial capital migration flows on a global scale and their specific characteristics under the martial law economy of Ukraine; in particular, it outlines the prospects for business relocation and the conditions for their financial support. The catastrophic consequences of Russia's military aggression against Ukraine – manifested in a deep demographic crisis, loss of human capital, and colossal infrastructure destruction – have caused tens of billions of dollars in business losses and threatened the survival of the entire national productive capacity. Under these critical conditions, there is an urgent need to shift the management paradigm, including the relocation of businesses to safer areas. The purpose of the paper is to provide a comprehensive analysis and theoretical-methodological substantiation of how global capital movement processes are transformed under the impact of the war in Ukraine, and what financial mechanisms are required to preserve this capital through business relocation. *Methodology* of the study is based on a wide range of systematic economic analysis methods. In particular, the synthesis method is applied to outline the determinants of capital migration within modern ecosystems, alongside the analytical method with graphical representation to illustrate the consequences of large entrepreneurial capital migration abroad, which impacts most of the country's macroeconomic indicators. Furthermore, the comparative method is used to juxtapose classical and wartime financial business paradigms, while predictive analytical methods are employed to forecast the prospects of entrepreneurial capital relocation. *Results* of the survey showed that the domestic experience of business migration is unique, and its investigation serves as a starting point for further research. This is because the functioning

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of Ukraine's economy under martial law highlights the critical need for a management paradigm shift—moving from a passive model of liquidity preservation and the destructive depletion of existing capital toward the proactive stimulation of productive capacity development. *Practical implications* lie in the development of specific applied recommendations for stabilizing the financial system and preserving domestic business potential amid geopolitical crises and martial law. Furthermore, the developed approaches to managing capital migration flows within modern ecosystems offer practical value for international donor organizations and financial institutions when designing targeted programs for grant support and preferential lending for Ukrainian entrepreneurship. The research materials can also serve as an applied foundation for enterprise executives in developing cross-border relocation strategies and minimizing security risks, as well as in the educational process of higher education institutions for designing courses in international economics. *The value/originality of* the obtained results is substantiated by outlining the strategic prospects for the cross-border relocation of domestic businesses and identifying the financial instruments and conditions for their support, which establishes a foundation for preserving the country's entrepreneurial potential and its subsequent post-war recovery.

INTRODUCTION

In the modern international economy, capital has ceased to be a mere resource; under the influence of numerous factors – specifically globalization, technological progress, and security challenges – a new phenomenon has emerged: the large-scale migration of entrepreneurial capital. This process involves transferring a business's tangible, financial, intellectual, and operational assets from one trajectory to another to ensure their preservation, diversification, or search for potential growth.

Migration processes are a subject of significant interest among researchers in scientific literature. Many scholars demonstrate that migration processes influence the economic development of the home country through capital accumulation and entrepreneurship. In particular, Chinese researchers Hu M., Su Y., & Zhang H. [1] investigated the impact of family structure on the entrepreneurial activity of migrants in Chinese cities. German scholars

Mrożewski M.J. and Hering D. [2] analyzed how a vast cultural distance between countries hinders migrant entrepreneurship, while high human capital (education and skills) offsets this negative effect. British authors A. Brown, R. Meriton, T. Devinney, M. Kafouros, F. Silvestre Gerardo, and R. Bhandal [3] studied the impact of entrepreneurs' human and political capital on the financial performance of companies across four transition economies, proving that the value of these resources depends on the country's level of institutional development. According to the definition by A. Slywotzky [4], a scholar of Ukrainian descent and business consultant at Oliver Wyman, capital migration represents the redistribution of market value in favor of business models that demonstrate higher efficiency and customer-centricity.

While highly valuing the significant contribution of many scholars to the research on entrepreneurial capital migration, I nevertheless believe that this topic currently requires a contemporary analysis of existing challenges, incorporating Ukraine's experience, particularly regarding business relocation under martial law due to Russian aggression. These challenges have not only shocked the domestic market but have also influenced the general trends of international capital movement. This is precisely what shaped the purpose of this monograph section, namely:

– investigated the international movement of entrepreneurial capital, summarized seven influencing factors, and provided their characteristics (Section 1);

– determined the specifics of Ukrainian capital migration in wartime, including the impact of business relocation on the country's macroeconomic indicators (Section 2);

– examined the issues of financial and investment support for business relocation, where a special place belongs to human capital (Section 3);

– concluded the study and outlined the prospects of the topic for future scientific research (Conclusions).

The study’s methodology is based on systematic economic analysis that combines methods of synthesis, comparison, graphical modeling, and forecasting to comprehensively examine the factors, macroeconomic consequences, and prospects of entrepreneurial capital migration under wartime conditions.

1. International Movement of Entrepreneurial Capital

The primary driver for exporting any domestic capital is its relative surplus in the domestic market, which stimulates the search for more profitable areas of application abroad. The international movement of capital is intensified by investors' desire to diversify risks or protect assets from domestic inflation and political instability, helping to secure strategic geo-economic interests in foreign territories over the long term.

Business migrants who move their assets abroad close down jobs in Ukraine, forcing the working-age population to migrate in pursuit of wages or business income. The departure of skilled professionals diminishes the country's investment attractiveness, as investors do not commit funds where there is a lack of workforce, thereby creating a vicious circle. The loss of intellectual and labor potential due to prolonged migration will hinder effective post-war recovery, as the taxpaying base required to sustain pensioners is critically shrinking, and there is a physical shortage of manpower.

The movement of migratory capital within a market economy does not imply state intervention; however, it must comply with the regulations of the domestic legislative framework. Over the past two decades, the migration of entrepreneurial capital has triggered a large-scale transfer of technology to developing countries. For traditional exporting countries, this has resulted in deindustrialization and the dominance of financial capital over the real sector. Such a transformation of the global economy makes it possible to forecast a shift in global leaders by GDP volume in the near future.

The study by Chinese scholars Hu M., Su Y., & Zhang H. [1] identifies three key mechanisms through which family influences the entrepreneurial activity of migrants in China: emotional support, social capital, and human capital, which compensate for the lack of external institutional support in a new environment. The probability of entrepreneurship increases by 1.4% with each additional family member living together, contributing to a 7.87% growth in the entrepreneurship rate compared to the country's average.

German scholars Mrożewski M.J. and Goering D. [2] conducted research and established that educated migrants are capable of transforming cultural differences into a business stimulus. Meanwhile, British scientists E. Brown, R. Meriton, T. Devinney, M. Kafouros, F. Silvestre Gerardo,

and R. Bhandal [3] studied the impact of human capital, finding that the human capital of domestic entrepreneurs who have never left their home country better stimulates business development; in contrast, the excessive human capital of migrants (higher education and experience) unexpectedly demonstrated an overall negative impact on enterprise performance due to a decreased propensity for risk.

An analysis of the computer market transformation in the 1990s through the prism of A. Slywotzky's [4] research reveals the phenomenon of 'profit pool slippage,' where capital flows away from industry leaders toward new players (Microsoft, Intel, Dell) that offer more efficient value creation structures under conditions of identical technological availability. The evolution of global corporations, such as Toyota, Walmart, and Bloomberg, demonstrates the possibility of rapid scaling, provided that market transformations are leveraged effectively. At the current stage, similar capital migration processes are observed in the education industry, driven by the accelerated digitalization of the sector. According to forecasted metrics, the online learning segment is projected to demonstrate nearly twofold growth over the next five years.

A company's strategic survival depends on its ability to process three development vectors in a timely manner:

1) profitability forecasting → identification of future revenue streams;

2) consumer evolution → search for new niches through the analysis of changing customer needs;

3) model transformation → development of a business structure capable of capitalizing on new opportunities.

The consequences of the international movement of capital are contradictory. While promoting labor productivity growth and accelerating innovation, large-scale financial flows can simultaneously undermine the stability of national financial systems and exacerbate the unevenness of global development.

In general, capital movement can be triggered by various factors: wars, pandemics, migration, financial crises with access to cheap credit, or even new social trends, such as sustainability or veganism. However, the primary threat to a business is not the crises themselves, but rather the internal inertia of companies – their complacency and reluctance to respond to these changes in a timely manner and transform [5].

In contemporary conditions, the international movement of capital creates complex and interconnected challenges that significantly destabilize national and global economic ecosystems. One of the primary threats is large-scale capital flight from countries with a high level of geopolitical risk. This process deprives the economy of domestic financial resources, deepens structural crises, and blocks opportunities for recovery. Simultaneously, sharp cross-border movements of financial assets amplify state vulnerability to external shocks, provoking imbalances in the balance of payments and rapid fluctuations in national currency exchange rates under the pressure of speculative flows. The situation is further complicated by the rapid development of digital platforms and ecosystems, which create information asymmetry and allow capital to migrate bypassing traditional banking monitoring, substantially reducing the efficiency of state regulation and taxation. Under martial law, these challenges become critical, giving rise to an acute regulatory dilemma: the necessity to strictly restrict the outflow of national capital to preserve financial stability contradicts the strategic need to attract foreign investment and stimulate international support for relocated businesses.

Capital migration processes are driven by a complex of interconnected factors, specifically highlighted by seven key drivers, which are presented in Table 1.

An important subjective factor is society's readiness to adopt new social standards (the greening of consumption, sustainable development, etc.). To minimize the impact of these factors, it is advisable for business entities to develop migration risk management measures by applying strategic tools through comprehensive monitoring of the market environment, specifically ongoing analysis of competitive dynamics and tracking of innovative developments in related industries.

However, exogenous shocks represent sharp external events that cannot be controlled from within a country or market, yet strongly impact macroeconomic indicators (inflation, GDP, exchange rates). Their primary characteristics include: external origin, specifically that the source of the problem lies beyond the control of the national economy or individual enterprises; unpredictability, as such events typically cannot be accurately forecasted using existing indicators; and a destructive effect, which manifests through negative macroeconomic phenomena that cannot be fully reversed.

Table 1

Drivers of entrepreneurial capital migration in modern ecosystems

Factors	Characteristics
Globalization and intensifying competition	Entry of new players and innovative products into the markets
Industry reforming	Expanding borders between traditional industries and developing cross-sector partnerships
Transformation of consumer priorities	Evolution of consumer needs and value orientations
Institutional regulation	Changes in the regulatory framework that stimulate or restrict the development of specific sectors
Digital and software solutions	Emergence of technologies that fundamentally transform industry capabilities through the integration of digital tools
Innovative business models	Implementation of new mechanisms for generating business processes
Impact of exogenous shocks	Military conflicts, pandemics, geopolitical crises, mass migration processes, financial crises, and changes in global energy prices

Source: compiled by the author

The study of contemporary challenges regarding the migration of entrepreneurial capital on the international stage allows us to state a shift from the classical investment paradigm in favor of security factors, which is particularly relevant for the Ukrainian market.

2. Features of Ukrainian Capital Migration under War Conditions

The migration of Ukrainian capital is unique and heavily influenced precisely by exogenous shocks, as Russia's war in eastern Ukraine since 2014 provoked the forced migration of people, capital, resources, and enterprises to the government-controlled territory of Ukraine, while the full-scale war since 2022 has only accelerated this flow, pushing it to a critical level and beyond the country's borders. According to the United Nations High Commissioner for Refugees, more than 5.7 million Ukrainians have fled abroad since 2022, and taking into account the period since the beginning of Russian aggression in 2014, this figure has already reached 8.5 million people [6].

Since the beginning of the full-scale war, Russian attacks have destroyed more than 400,000 square meters of commercial warehouses owned by Ukrainian businesses, which is roughly equivalent in area to 56 football fields [7]. In August 2026, the Russian army intensified its terror against Ukraine's civilian sector, deliberately targeting large logistics centers, distribution hubs, and retail infrastructure. This inflicted approximately $6 billion in damages on big business and destroyed over 400,000–500,000 square meters of warehouse space, plunging the market into a shortage crisis of essential goods, books, building materials, toys, and tableware, while international brands also suffered losses.

Warehouse relocation is a complex challenge, yet it remains a viable option for rescuing a portion of inventory. Large retailers are urgently abandoning giant centralized hubs in favor of a network of smaller regional warehouses. While this increases logistics costs, it minimizes the risk of losing everything in a single strike. The Cabinet of Ministers has offered relocation assistance and the allocation of certain state-owned facilities for use as warehouses. Businesses are highly interested in concessional lending and support for war risk insurance, as rebuilding on such a scale using their own funds is nearly impossible.

In parallel, Russia continued its systemic attacks on the ports of Odesa, where the agricultural sector forecasts significant losses due to maritime export restrictions and infrastructure damage. The relocation of shipping and the search for capacity via alternative routes (specifically the Danube) are limited, making it impossible to find other maritime transport paths. The inability to utilize domestic ports at full capacity threatens to leave millions of tons of the new grain harvest unshipped and rotting. Bloomberg estimates that due to these attacks, Ukraine risks losing up to 2% of its GDP.

Despite significant capital migration and economic losses, the relocation of enterprises has opened new prospects for regional development within Ukraine and expanded beyond the country, integrating into the European market and global space. The main hubs for business migration became both domestic locations – specifically western and central regions protected by their geographical distance from the Russian border – and the EU market. The transfer of capacities stimulated local entrepreneurship, improved infrastructure and logistics, and increased tax revenues for local budgets. These processes have significantly altered the structure of

public finances, particularly the system of vertical and horizontal fiscal equalization. Regions that hosted the largest number of internally displaced persons (IDPs) received additional intergovernmental subventions to meet their basic needs. At the same time, due to the state budget deficit and high dependence on international aid, an imbalance emerged in the revenue structure. For instance, in 2025, the ratio of tax to non-tax revenues stood at 52% to 46%. The instability and unpredictability of foreign financing pose serious risks to the financial security of the state [8].

The migration of large entrepreneurial capital abroad (the so-called "capital flight") triggers a chain reaction that directly degrades the country's macroeconomic indicators. Let us analyze the main indicators and demonstrate their impact on the Ukrainian market.

1. Demographic situation

Capital migration is mostly accompanied by the migration of owners and key employees, which deepens the labor market crisis and negatively impacts the gross domestic product (GDP). As of early 2026, the demographic situation in Ukraine remains critical, which is directly linked to "capital migration" in its two forms: physical capital (money and businesses) and human capital (talents and the working-age population).

We can observe a sharp decline in the birth rate in Figure 1, whereas the mortality rate was at its highest in 2021 due to the impact of the Covid-19 pandemic. According to Opendatabot [9], during the first half of 2026, the mortality rate in Ukraine exceeded the birth rate nearly fourfold, marking the first official increase in the number of deaths over the last 5 years, rising to 259,853 individuals. On average, about 12,000 babies are born in Ukraine each month, which is 20,000 fewer than 10 years ago. The lowest birth rates are recorded in front-line areas, while the highest, despite massive attacks, is in Kyiv – accounting for every ninth baby (8,352). Nonetheless, the capital also leads in mortality, with 20,121 cases recorded during the first 6 months of 2026.

Due to the emigration of youth and women of reproductive age (with around 18% of children under the age of 9 currently abroad), the population's average age structure is rapidly shifting toward older cohorts. This points to the impossibility of population replacement, signaling an aging nation.

The aging of the nation, as a international trend, has two sides: it reflects longevity, as people live longer, yet it increases the burden on the working-

age population and leads to labor shortages, which in turn reduces overall labor market mobility and slows down the adoption of new technologies.

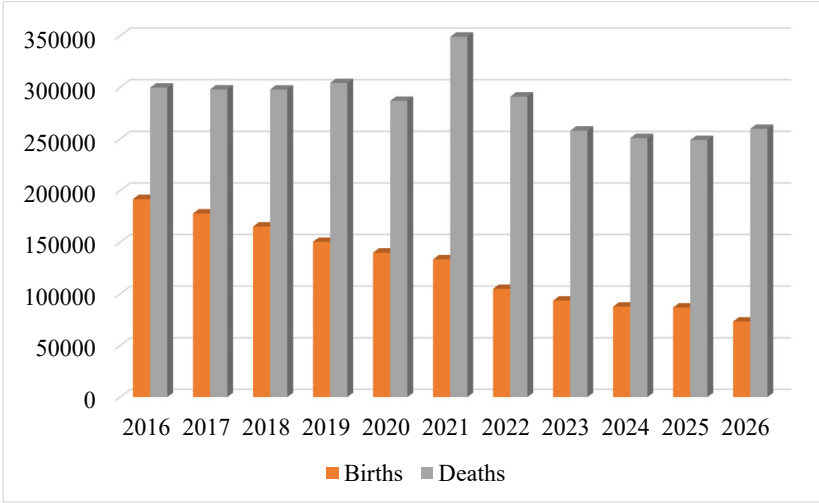


Figure 1. Trends in Birth and Mortality Rates in Ukraine for the Period 2016–2026

Source: compiled by the author based on [9]

2. Impact on GDP

Direct investments are a vital resource for GDP. Capital outflow means that funds are not being invested in domestic factories, equipment, and technologies, which hampers economic growth and, consequently, leads to a disinvestment process. The only exception may be the defense industry, as a strategically and perhaps even critically essential sector of the economy under the conditions of Russia's war against Ukraine. Overall, according to World Bank [10] data, we can observe a sharp decline in GDP at the beginning of the full-scale war in 2022 to -28% in Figure 2; however, during the following year of struggle, Ukrainians managed to achieve 5.5%, although by 2025, GDP growth reached only 1.8% due to the prolonged war and a significant outflow of resources.

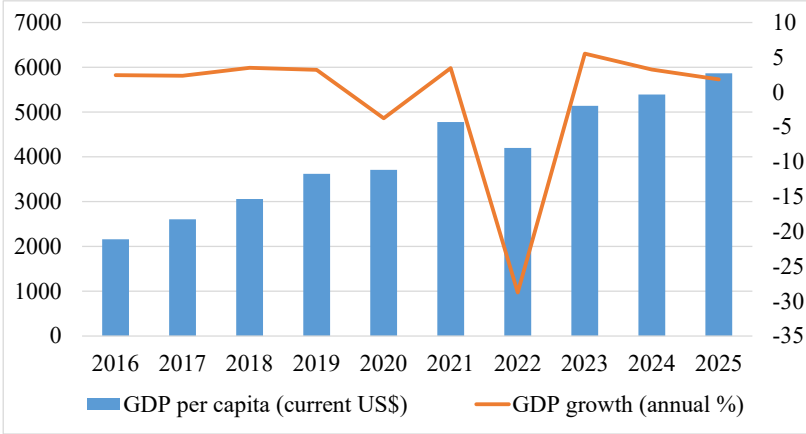


Figure 2. GDP per capita and GDP growth rates for the period 2016–2025

Source: compiled by the author based on [10]

3. Hryvnia exchange rate stability

To expatriate capital, major players mass-purchase foreign currency (US dollars, euros), which creates a deficit in the domestic market and puts pressure on the exchange rate. Consequently, there is a surge in demand for foreign currency. This, in turn, exerts pressure on the foreign exchange reserves of the National Bank of Ukraine (NBU), forcing it to conduct currency interventions and deplete reserves to maintain hryvnia stability and prevent sharp devaluation. Thus, 2025 marks a transition to a policy of gradual hryvnia depreciation, or a relaxation of the NBU's controlled devaluation policy. According to forecasts, the average annual exchange rate may reach around 45 UAH/USD and 53 UAH/EUR. To combat "unproductive capital outflow," the NBU regularly updates and tightens foreign exchange restrictions for businesses.

4. Tax revenues and «shadow» economy

The relocation of businesses abroad leads to a loss of tax revenues, which increases the budget deficit. Following February 24, 2022, a key challenge in labor taxation became preventing a double tax burden on the incomes of Ukrainian migrants. Today, mass migration has transformed

from a purely humanitarian issue into a powerful economic factor heavily impacting the financial systems of European countries. A portion of the capital that physically remained in the country, but partially moved into the "shadow economy" due to high war risks and tight NBU foreign exchange restrictions, has lowered overall tax compliance in volatile economic sectors. Concurrently, some companies opted for "legal relocation" – reregistering trademarks and financial centers abroad – meaning that taxes from their integration into the global space now settle in foreign jurisdictions.

5. Labor market

The labor market crisis remains a distinct challenge. According to "24 Business," 75% of businesses are experiencing a "personnel drought," or an acute shortage of staff. Today, approximately 31 million people reside in government-controlled territories of Ukraine, yet only about 13 million citizens are officially employed, and a mere 10.5 million pay the single social contribution [11].

The staff shortage in the domestic labor market varies by business sector and is driven by several key factors. Among the main causes are the war, mobilization, the mass migration of people abroad, unemployment, the demographic situation, and a rapidly aging population. Furthermore, there is a lack of required competencies; specifically, the knowledge and skills of job seekers often do not match the requirements of employers, creating a severe mismatch between demand and supply in the labor market.

Due to the ongoing labor shortage, the recruitment of migrants from Africa, India, Bangladesh, Vietnam, the Philippines, and other countries is currently being actively discussed. The highest demand for foreign workers is observed in construction, retail, and the manufacturing industry. According to various estimates, they receive a salary lower than Ukrainians in similar positions—averaging around 15,000 UAH – but they are provided with meals and dormitory accommodation.

According to business estimates, the full legalization (including work permit processing, visa, temporary residence permit, and other administrative costs) of a single foreign worker costs around 40,000 UAH. Consequently, the upfront onboarding costs for a foreigner are 25–30% higher compared to hiring Ukrainians [12]. Frequently, migrants fail to adhere to corporate and professional ethics, as well as the legal framework of the host territory.

I hold my own perspective on attracting foreign workers into economic sectors, which lies somewhere between allowing their free migration and implementing production automation to fill corporate vacancies. It is essential to build an individual approach to each separate case and weigh all factors. Naturally, Ukrainians must remain the priority for the domestic labor market, and companies that recruit migrants should familiarize them with the specifics of the legal framework and corporate responsibility.

The projected growth of the foreign workforce in Ukraine necessitates reforming the legal mechanisms of migration policy. Specifically, the development and implementation of the Migration Development Strategy must take into account current EU practices, which are based on strictly linking residency preferences to an active employment contract. It is worth noting that each migrant will bring their own culture, traditions, communication ethics, hygiene, social order, and other components that may significantly differ from Ukrainian ones. A prime example of this is the systemic risks experienced in Europe regarding national security and law enforcement. The crisis of the European asylum system (in particular, the inefficiency of the Dublin Regulation) revealed an inability to rapidly adapt the regulatory framework to mass migration waves. This resulted in the spread of illegal employment, distortion of the domestic labor market, wage dumping, and a worsening crime situation, which underscores Ukraine's urgent need to develop preventive security mechanisms.

A pronounced structural asymmetry is observed in the domestic labor market: the demand for remote employment significantly outstrips its supply, which currently accounts for only 7% of total vacancies. The heightened interest in the remote format is driven by the security risks of martial law – particularly in front-line areas – large-scale processes of internal and external population relocation, a desire to optimize time resources, as well as the need for the socioeconomic inclusion of vulnerable groups, including war veterans and individuals with disabilities.

The current Labor Code – namely the Labor Code of Ukraine from 1971 [13] – is part of an obsolete Soviet legacy designed for the industrial economy of the last century; however, the modern labor market requires significant changes, particularly the integration of contemporary flexible forms of employment, remote work, and the contract-based system. The primary goal of the draft new Labor Code is to adapt to these changes

and help everyone secure official employment in the new realities [14]. This regulatory act aims at the comprehensive digitalization of labor relations, the modernization of procedures for confirming and terminating employment contracts, the regulation of remote work, and the introduction of an institutional framework for the out-of-court settlement of labor disputes. The document is fully harmonized with EU legal standards, which serves as a baseline condition for the systemic reform of the labor market and for achieving the target indicators of the National Employment Strategy until 2030 [15].

3. Financial and Investment Support for Business Relocation

Under martial law, the classical capital structure (Modigliani-Miller theory, Trade-off theory) ceases to function due to a critical surge in the country risk premium, leading to the forced substitution of market financial instruments with non-market and subsidized ones.

Grants from foreign governments and funds (EBRD, World Bank, EU programs) take center stage, transforming from an auxiliary tool into an absolute alternative-free source for financing development. The unique feature of this capital is its non-repayable nature, coupled with highly strict target regulation (funds are granted strictly for equipment procurement, energy modernization, or job creation, which limits the company's financial flexibility).

Russia's war against Ukraine has shifted the traditional classical vector toward a strategy of adaptive survival (resilience). Traditional financial theory posits that the primary objective of corporate strategy is to maximize shareholder wealth through increasing the market value of the enterprise. The war paradigm entails measures that significantly alter the business focus (Table 2).

A resilience-oriented strategy in wartime focuses on prioritizing liquidity over profitability, financing autonomization (energy independence, digitalization), and decentralizing production to distribute risks. Corporate investments are directed toward ensuring business continuity, while the planning horizon shrinks to 6–12 months, freezing long-term projects. This strategy is typically implemented by large businesses and the IT sector, whereas mid-sized industrial and agricultural capital remains trapped due to its high dependency on the geographical location of assets.

Table 2

Comparison of Classical and Wartime Financial Business Paradigms

	Classical Paradigm (Growth)	Wartime Paradigm (Resilience)
Strategy	Value Maximization	Liquidity Risk Minimization
Planning Horizon	3-5 years	1-3 months
Mission	Scaling and Expansion	Diversification and Autonomization
Strategic Focus	Capital Expenditures	Operational Flexibility

Source: compiled by the author

Business relocation, while being a critical component of its security, simultaneously forces regions to actively invest in the development and retraining of human capital. To retain new businesses and convert their presence into long-term development, local communities must invest in their primary asset – people. This requires providing them with new competencies, retraining them for other economic sectors, and teaching them modern digital technologies.

The main paradox of relocation is that companies rarely move 100% of their staff. Typically, only top management and key engineers relocate. Business seeks the bulk of its frontline personnel, process engineers, and mid-level specialists within the new location. This is where a technological gap emerges. The local labor market often proves unprepared for the requirements of relocated companies – be it a modern woodworking enterprise, an IT hub, or a high-tech food processing plant. The old skills of the local population become obsolete. Communities are faced with a choice: either watch the business decline due to a labor shortage and eventually leave, or take proactive measures.

Alternatively, businesses can increasingly engage people over 60, retrain employees, integrate people with disabilities, and recruit women into traditionally male-dominated professions. At the same time, companies will be forced to raise salaries and boost work motivation, thereby creating a new corporate culture and teamwork dynamics.

Regions that win the competition for business invest in human resource development across three main pillars:

Dual education and rapid retraining. Dual education entails a collaborative model consisting of 30% academic learning at higher education institutions and 70% practical training at enterprises (directly at new production

facilities). Furthermore, municipalities, in cooperation with relocated businesses, launch short-term intensive courses, while employment centers transform from benefit-disbursing bodies into dynamic educational hubs.

Integration and synergy with Internally Displaced Persons (IDPs). Displaced specialists from other oblasts bring unique expertise; thus, it is rational to establish shared coworking spaces, business incubators, and mentorship programs where incoming professionals train local staff, fostering a new professional culture. Concurrently, local communities invest in programs for their social and professional adaptation.

Development of soft skills and digital literacy. Modern production demands automation – for example, workers at construction companies now pilot drones. Municipalities open hubs dedicated to language learning, project management, and basic IT, thereby raising the general qualification level of the population.

Knowledge serves as the foundation for building and successfully growing any business. Rather than merely complementing a leader's personal qualities, it acts as the core baseline for shaping entrepreneurial capital. Specifically, knowledge and critical thinking minimize risks. Entrepreneurship is inherently tied to risk, but a "successful risk" is an informed and calculated one. Without knowledge, decisions are often made intuitively or emotionally, which significantly increases the likelihood of mistakes. Equipped with knowledge (such as financial literacy, analytical thinking, and strategic potential), an entrepreneur can forecast potential threats, develop risk mitigation strategies, and make more balanced, well-considered decisions.

Knowledge ensures management efficiency, as starting a business and developing a business plan is not just about having an idea, but knowing how to execute it operationally. Managerial knowledge (management, HR, project management) allows for the efficient use of resources: time, money, and human capital. Legal and tax knowledge helps ensure compliance with legislation, avoid fines, and optimize operations, which is critical for the long-term survival of a business.

The circulation of investment in human capital can be visually illustrated in the form of successive stages of the competitive development of a region with relocated enterprises, which will facilitate both the upskilling of employees and the enhancement of the region's overall welfare, as depicted in Figure 3.

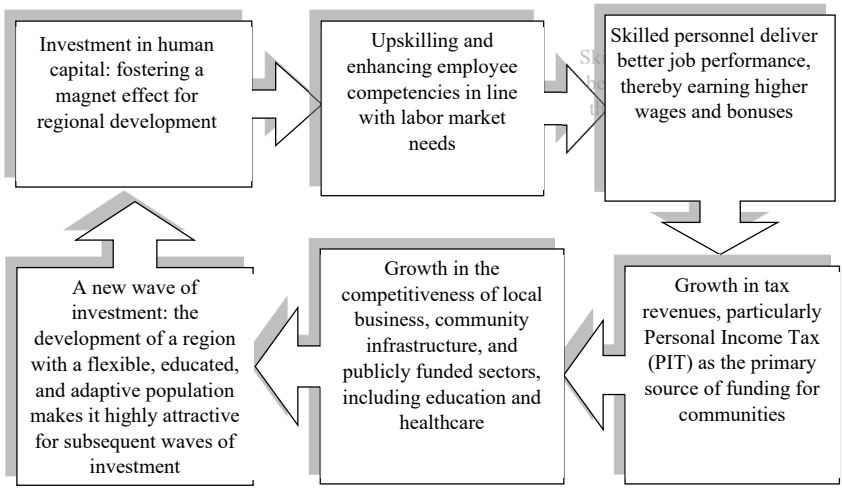


Figure 3. The circulation of investment in human capital

Source: compiled by the author

The digital transformation of the economy and the implementation of innovation across all sectors of economic activity are the primary drivers of the migration capital market, which necessitates updating labor migration legislation. State policy must focus on developing private investment channels and directing them into the real sector of the economy. Increasing the investment potential of migration funds is possible through the improvement of digital infrastructure, which will stimulate support for small and medium-sized businesses.

CONCLUSIONS

Summing up the results of the conducted research, it should be noted that in the face of constant changes in the international market and globalization challenges, knowledge becomes the primary driver of innovation and competitiveness. Sector-specific expertise and a deep understanding of technological trends enable businesses to adapt timely and outperform competitors, which requires continuous private and public investment in human potential to ensure long-term socio-economic returns for both individuals and the state.

Under martial law, Ukraine's economy must urgently transition from a survival or capital-depletion model toward stimulating production capacities, particularly through their relocation to safer regions, as domestic demand is currently outpacing national production capabilities. The unprecedented coordinated strikes on the capital region's logistics infrastructure in August 2026, which resulted in product shortages, supply delays, soaring corporate operational costs, and job losses, underscore the scale of these challenges; meanwhile, total damages to Ukraine's logistics sector over the course of the full-scale war have already exceeded $1.5 billion [16].

The relocation of businesses serves as a rigorous test for regional leaders, demonstrating that the territories winning the competition are not those offering cheaper land or tax incentives, but those capable of providing businesses with skilled and adaptive human capital. Despite the projected acceleration of cross-border business migration and the associated risks of permanently losing national entrepreneurial capital to international relocation intermediaries, this migration simultaneously lays the groundwork for a migration capital market. Efficiently leveraging migrant remittances and the assets of relocated enterprises maintaining Ukrainian registration requires robust regulatory tools, including payment digitalization, lower transaction costs, and monitoring systems to foster territorial development.

Ultimately, wartime conditions have triggered a fundamental transformation in corporate finance: traditional market-based entrepreneurial capital is increasingly replaced by state-subsidized programs and international donor grants. Concurrently, corporate investment strategies are evolving from a growth-oriented focus on maximizing market value toward a resilience-oriented model aimed at ensuring operational autonomy and stability in response to military risks. This shift forces businesses to abandon large, complex facilities in favor of decentralization and renting networks of smaller warehouses across multiple regions; although more costly, this approach effectively mitigates the risk of catastrophic, simultaneous asset destruction during attacks.

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