



Trust in business and business education: how business relations have been shaped in Ukraine since independence

Research project

Research methodology (p.2-3)

18 in-depth interviews with representatives of the business environment (company owners and top managers) were conducted

Participants: 10 men, 8 women

Sectors of business:

- trade
- mining and construction
- manufacturing
- business consulting
- production
- logistics
- design
- cleaning services
- banking
- innovations in education
- compliance
- restaurant industry and other.

Hired managers work in HR, PR, audit, and C-level positions.

Research methodology

- Participants started their business activities in different periods. Approximately 1/3 of them started their business **in 1991-1996**, a little more than 1/3 - from **2000 to 2008**, and the rest - from **2011 to 2017**.
- Most of the businesses represented by the respondents operate in several regions of Ukraine, with some also operating internationally
- **6 participants** are current or former **military personnel**.
- **11 participants** are graduates or students of business schools, and all participants had experience of short- and medium-term study at various business courses.

Research objectives (p.4)

01 Trust

- what is trust in business
- the entry level of trust
- the significant elements needed to build trust
- the change in trust over the years
- the role of reputation
- how trust and previous business experience help in a new environment (military service)
- overall trust in business as seen by business people

02 Business education

- what role does business education play in building relationships
- the role of shared experience and common language in building trustworthy business relationships
- common language, honesty, and reputation - did business education play a role in explaining the benefits of these things
- the difference in trust level and understanding between business school graduates and other business people
- what is the main value of business education

Results (p.5)

What is trust?

Participants tended to distinguish between trust within the organisation, trust between partners/suppliers, customer trust in the company, and trust in government/authorities.

The main words used to describe trust:

- **quality**
- **action, performance**
- **honesty**
- **delegation**
- **recognition of expertise, respect for professionalism**
- **confidence**
- **direct, open, full communication**

“ ***And trust can be compared to confidence. I'm sure that this person will do something, won't do something, that I understand what this person thinks, what this person is capable of. I trust him or her.***
(Male, top manager, IT)”

What does it take to build trust? (p.6-8)

Participants spoke about trust in general and in the context of interaction with different stakeholders: customers, partners, team members and the state. The elements of trust that are important in relations with all stakeholders are shared values and fulfilment of obligations.

Client category

- social responsibility
- quality
- transparent communication
- trust in expertise
- stability

Category of partners

- effectiveness
- keeping the word
- responsibility
- meeting expectations
- prescribed conditions

Category of team

- a common understanding of the strategy, values and goals of the business.
- honest communication and support for employees in critical situations.

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People trust because they know they are getting quality service. (Female, top manager, oil and gas industry)

Any trust must be backed up by actions, not words, by actions. If you act in accordance with your values and your words, you have trust. (Male, company owner, design)

Category of trust in the government (p.9)

- transparency
- clarity and unambiguous interpretation of laws
- stability of institutions
- the mutual benefit of the business and the state.

Respondents mostly associate the challenges to trust in Ukrainian business with national processes: consequences of the war, corruption, lack of transparency.

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Trust between the company and the state means transparent, understandable laws that are not designed to benefit one person, but rather to be born out of a desire to make this a win-win strategy, so that everyone wins: both business and the state. (Female, top manager, oil and gas industry)

What helps to start a trusting business relationship? (p.10-11)

The survey participants note that they usually start cooperation with a certain amount of trust, which is then tested during the course of work. The respondents rely on their observations from conversations with potential partners, on the presence of a sense of comfort, and on the coincidence of values.

What helps respondents check whether it is worth starting a business relationship with a person or company?

- **personal communication;**
- **monitoring services, business control, and public data (YouControl, Opendata Bot, Getcontact);**
- **feedback on previous cooperation, recommendations from other business people, and other partners;**
- **review of profiles in social media, mentions in the press.**



““ Businesses simply cannot do otherwise. It's implied. If you are in business and you are doing something, you have to trust the counterparty, you have to take risks. (Male, company owner, compliance and security)

Some respondents say that ties with Russia, deception and non-payment of debts are absolute taboos for starting business relations.

““ For example, I don't cooperate with anyone who supports [Russia] in any way or can tell me that Russia or Russians are not to blame for the war. (Female, company owner, manufacturing)

What is reputation? (p.11-12)

- **deeds, actions, process and/or results of work**
- **Fulfilment of obligations, keeping one's word, matching words and actions**
- **how a business/person is seen from the outside, what is said about them.**

In general, respondents speak of reputation with a positive connotation, using the words **'decency'** and **'integrity'**. At the same time, there are opinions that reputation is somewhat unreliable at present - it can be artificially improved or damaged, so additional safeguards are needed for cooperation.

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In business, if you behave badly with the people you work with, no one will do business with you again. Where there is money, everything is serious. And reputation plays a very important role there. This is a very huge marker that you can cooperate with you, you can do any business at all. (Male, top manager/partner, logistics)

We live in a time when [reputation] is super important, it's bad when you don't have it, but when you do, it doesn't guarantee you anything. (Male, company owner, compliance and security)

What is reputation?

Reputation is formed by:

- **results of work;**
- **the personality of the business owner/manager, his/her actions, and values;**
- **the way a business or person is deliberately portrayed by its own team or detractors;**
- **external circumstances, especially unpredictable in times of war, which are not always under the control of the owner/manager;**
- **the behavior of the team, those employees with whom the client is directly in contact.**

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Reputation now consists not only of the projects implemented but also of how you communicate, how you exchange documents, how the local managers work, and even how they communicate, what words they use. This is also becoming important. This is also a component of reputation. (Female, top manager, mining and construction)

I generally believe that people who have had the same phone number for 10 years or more can be trusted a priori. Both in business and in life. (Male, top manager/partner, logistics)

“I don't care about my partner's business relationships with others. The main thing is that he is completely honest with me” (p.13)

The scores range from **1 to 5**, with the majority of respondents disagreeing with this statement.

However, the rationale for the participants' opinions is more interesting: the relationship with other partners is of interest to respondents because it is how they predict their future cooperation with this person. There is almost unanimous agreement among respondents that dishonesty in one business relationship will always lead to dishonesty in another, which is only a matter of time.

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I am concerned about my partner's relationships with others. Because if he is not honest with others, sooner or later he will be dishonest with me. It is important that my partners are honest. (Male, company owner, manufacturing)

Business education (p.15)

This is not to say that the opinions of business school graduates and those who did not study at business schools are categorically different.

The value of business education:

- networking
- structuring/systematization of knowledge and experience

As for whether people with business education have any common features that make them stand out, respondents were divided.

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The essence of [business] programs is reflection, networking, and the ability to focus on the path you plan for yourself in the future. (Male, company owner, architecture and consulting)

The people I talked to, who I know graduated from business school, I wouldn't say are drastically different from those who didn't, or I don't know if they did. (Male, company owner, agricultural products wholesale)

When I get a call from someone I don't know (...) or a person I don't know writes to me and says she's also from business school, I always respond. (Male, top manager/partner, logistics)

“Between two job candidates with the same level of qualification, I would give preference to the one with a business degree” (p.16)

There was **no significant difference** in the responses of business school graduates and those without a business degree.

Some respondents would confidently give preference to a candidate with business education, while others would consider it as part of a holistic image of a person - for them, a comfortable emotional connection, values, integrity, soft skills, and experience are equally important. Some respondents do not consider business education to be a decisive or even important factor in their decision-making.

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Well, somewhere around 6, 7, maybe so. Well, maybe he is an unpleasant person in terms of values? There are characteristics that are not business, but rather personal. (Female, top manager, mining and construction)

10. A person understands how to talk to business partners and opponents. (Male, top manager, IT)

“I would be more willing to rely on the professional opinion of a person with a business degree than a person without one” (p.17)

There were **no significant differences** in the responses of people with and without business education, with respondents mostly tending to give a score of 6-7, emphasizing that a person's opinion should be equally supported by experience and argumentation.

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In this case, I would probably rather listen to the opinion of someone who has experience but no business education. And if a person who has experience and is also backed up by a business education, then of course I will rely on the opinion of this person. (Male, company owner, manufacturing)

Let's say 6-7. It depends more on the person, not on what kind of education they have, but on how they can implement it. (Female, company owner, IT in education)

Conclusions (p.18-24)

- Research participants emphasize the critical role of trust in business relationships, particularly with clients, partners, and team members, as it involves risk-taking and cooperation. Trust relies on the expectation that parties will meet their obligations.
- Participants highlighted that trust is interconnected with various global factors, government policies, and technological developments. Trust in business and society can fluctuate, growing during significant changes but declining due to a lack of institutional support and accountability.
- A major challenge to trust is the relationship between business and the state, where uncertainty about shared goals undermines confidence in authorities and their decisions.

Conclusions

- Participants highlighted the evolution of Ukrainian business since 1991, describing the 1990s as chaotic yet full of opportunities. Trust among entrepreneurs grew despite risks, although state-business relationships created uncertainty.
- Interviewees from the late 1990s and early 2000s noted gradual business legalization, expertise acquisition, increased competition, and new technologies that improved efficiency and customer relations.
- Global and national events, such as the 2008 financial crisis, revolutions, the pandemic, and Russia's invasion, impacted the business environment. However, shared crisis experiences and commitment to stakeholders enhanced trust in business.
- The resilience and flexibility of Ukrainian business were emphasized, with participants expressing optimism about overcoming challenges and believing in future development despite ongoing difficulties.

Conclusions

- Respondents highlighted trust examples in business, such as deferred payments and verbal agreements. Trust, positive reputation, and confidence in fulfilling obligations contribute to mutual cooperation despite risks.
- While participants acknowledge the importance of contracts, they value honesty and understanding more.
- The study explored business education's role in developing Ukrainian businesses and fostering trust. Participants included those with university degrees and those who attended business programs.
- Overall, there was support for business education, but opinions varied on its format and definition, suggesting a potential area for future research on desired training and formats in the business environment. Also, there was no unanimous opinion among respondents on whether business school graduates share certain common features.

Conclusions

The research involved 6 military personnel discussing the intersection of civilian business skills and military service. Key findings include:

- Useful transferable skills from business to military: organizational skills, process management, communication, prioritization, and focusing on value.
- Participants emphasized the need for optimizing and automating army processes, applying their business experience.
- Experience is valued over status in both environments, highlighting teamwork and common goals.
- Trust is crucial in the military due to the high cost of mistakes, fostered by open communication and strong leadership.

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