

СЕКЦІЯ V. МЕНЕДЖМЕНТ, ПУБЛІЧНЕ УПРАВЛІННЯ ТА АДМІНІСТРУВАННЯ

STRATEGIC CHALLENGES AND DEVELOPMENT PROSPECTS OF THE UKRAINIAN IT SECTOR UNDER CONDITIONS OF ECONOMIC INSTABILITY

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Under conditions of economic instability and exchange rate fluctuations, the IT sector ensures foreign currency inflows and serves as a critical factor in maintaining the macroeconomic stability of Ukraine. However, despite its significant potential, both external and internal challenges create substantial obstacles to the sector's development. Therefore, it is important to identify and analyze the factors constraining its progress and to propose possible solutions at the state level.

The IT sector is one of the most promising sectors of the Ukrainian economy, as it not only contributes to economic growth but also promotes technological advancement, job creation, and the enhancement of the country's international image. Research into the pace of digital transformation in Ukraine makes it possible to identify the main issues associated with the effective strategic development of the state and remains highly relevant for a wide range of stakeholders. In recent years, Ukraine's digital transformation has accelerated, particularly against the backdrop of the full-scale war. Over the past decade, the share of the IT sector in Ukraine's GDP structure has more than doubled; however, it still remains relatively modest at approximately 2.02% [1]. In 2023, the total volume of exports of IT goods and services decreased by 13%, while exports of IT services declined by 1.3% [2]. For the first time in many years, the share of IT services in total service exports decreased, although it still approached 40%, as illustrated in Figure 1.

This situation has attracted the attention of experts and necessitates the identification and analysis of the factors that contributed to such trends. A review of studies conducted by IT industry experts made it possible to identify several key causes behind the decline in indicators, including the global economic slowdown observed in recent years, as well as the Russian invasion and its consequences, particularly mobilization legislation and issues related

to the reservation of specialists from military service. The latter factor affects access to property and financial accounts and increases uncertainty risks for international companies operating development centers in the Ukrainian market.

The recession of the global IT market is largely associated with the economic downturn and the rapid emergence and development of artificial intelligence technologies. Naturally, global trends significantly affect the condition of the Ukrainian IT sector as well. Consequently, companies are forced to adapt their strategies and optimize expenditures [3].

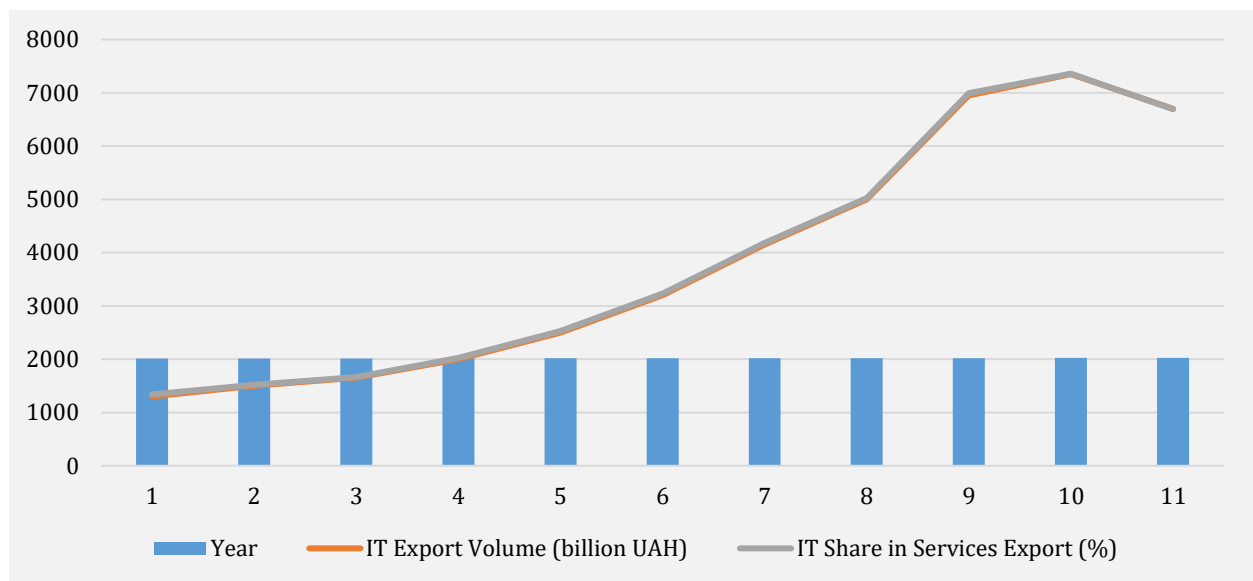


Fig. 1. Dynamics of IT exports from 2013 to 2023, annual volume, billion UAH

Compiled by the authors based on sources 1, 2

The authors emphasize the importance of addressing internal industry problems that can be resolved at the state level. According to industry experts, one of the primary internal challenges hindering the development of Ukraine's IT sector is the high level of tax burden. Despite the implementation of special initiatives such as Diia, taxation remains a significant burden for many small and medium-sized enterprises. This limits opportunities for reinvesting profits into development and innovation. Therefore, additional tax incentives for the IT sector are required, particularly measures aimed at reducing tax pressure on small and medium-sized businesses in order to create favorable conditions for sectoral growth and adaptation to contemporary challenges.

Another significant factor identified is the frequent changes in legislation, difficulties associated with obtaining permits, and uncertainty regarding the reservation of specialists employed by strategically important IT companies. These issues undermine business confidence and complicate investment attraction. Simplifying the procedures for reserving specialists would contribute to reducing workforce shortages and mitigating risks for

international partners.

An additional factor negatively affecting the development of the IT sector is the labor migration of IT professionals, which is currently driven by the war and economic difficulties. This process results in the loss of qualified personnel and a reduction in the human capital potential of the industry, creating an acute shortage of highly skilled specialists in the labor market. To address this issue, it is necessary to develop and implement state programs for IT specialist training in cooperation with educational institutions and businesses.

Experts in the IT sector also highlight difficulties in attracting financial resources for development and innovation among small and medium-sized IT enterprises. Credit programs are often either inaccessible or excessively burdensome, especially for companies at early stages of development. This issue could be addressed through the establishment of state grant programs or subsidies for small and medium-sized IT companies. Particular emphasis should be placed on innovative projects focused on emerging technologies and strengthening Ukraine's competitiveness in the global market.

Another important direction for ensuring a favorable investment climate is the active promotion of Ukraine as a reliable IT partner in the international arena. Such reliability can be strengthened through investments in security infrastructure, thereby reducing risks for international partners.

State support for the IT sector should become one of the priorities of economic policy, as it represents not only an investment in economic stability but also in the future technological recovery of Ukraine. Public policy should focus on long-term support and adaptation to the challenges of global digital transformation, with particular attention devoted to the development of human capital and infrastructure necessary for sustainable and innovative national development. In turn, this will facilitate the technological modernization of other sectors of the economy capable of utilizing innovative solutions developed within the IT sector. As a result, such support will contribute not only to economic growth but also to strengthening Ukraine's image as a reliable partner prepared for innovative solutions and global challenges.

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