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## **BUSINESS RESILIENCE THROUGH THE LENS OF ECONOMICALLY HAZARDOUS EVENTS: THE LEGAL LANDSCAPE OF UKRAINE**

**Abstract.** *Economic resilience is key to business and overall economic development. Typically, enterprises resort to relocation to maintain it under various influences. However, this doesn't always yield the expected outcomes. This article aims to refine scientific and practical propositions regarding the identification of business relocation factors, enhancing Ukraine's state policy in promoting resilience amid economically hazardous events. Based on the analysis, it is concluded that relocation can be voluntary, forced, or coerced, and can also be classified according to territorial criteria into internal or external. It argues that such relocations occur due to various economically hazardous events, which can threaten the resilience of businesses and the country's economic resilience as a whole. Proposals are made to classify events based on specific criteria at the legislative level encompassing technological, natural, military, scientific, financial, and other types of events. Consequently, the necessity of enacting special legislation to ensure the economic resilience of businesses amid economically hazardous events is justified. It is argued that relocation is a component of business risk optimization. However, in itself, it does not guarantee a positive outcome for ensuring business resilience amid economically hazardous events. Thus, the justification for developing and adopting a state policy strategy on business risk optimization amid economically hazardous events is provided. Additionally, it is determined that relocated businesses must adhere to socially responsible behavior to integrate into the new ecosystem.*

*In summary, the article offers valuable insights and recommendations for policymakers and stakeholders seeking to navigate the complexities of business relocation and enhance economic resilience in the face of economically hazardous events.*

**Keywords:** *economic resilience, business activity, social business responsibility, relocation, business risk optimization, state policy strategy.*

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## СТІЙКІСТЬ БІЗНЕСУ КРИЗЬ ПРИЗМУ ЕКОНОМІЧНО НЕБЕЗПЕЧНИХ ПОДІЙ: ПРАВОВИЙ ЛАНДШАФТ УКРАЇНИ

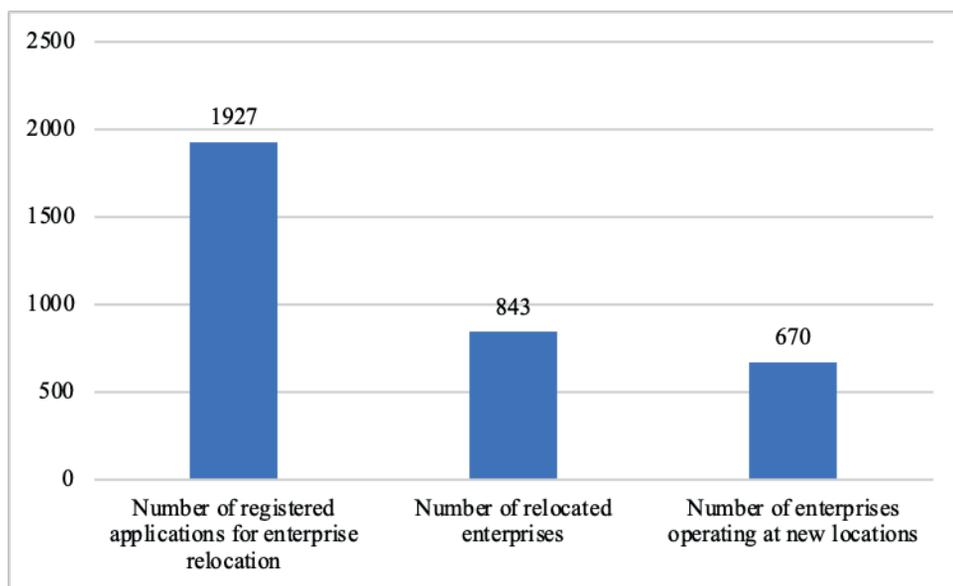
**Анотація.** *Економічна стійкість є ключовою для бізнесу та економічного розвитку в цілому. Як правило, підприємства вдаються до релокації, щоб зберегти його під різними впливами. Однак це не завжди дає очікуваний результат. Метою статті є уточнення науково-практичних положень щодо визначення чинників релокації бізнесу, посилення державної політики України щодо сприяння стійкості під впливом економічно небезпечних подій. На підставі проведеного аналізу зроблено висновок, що релокація може бути добровільною, вимушеною і примусовою, а також за територіальними ознаками поділяється на внутрішню та зовнішню. Доводиться, що вона (релокація) відбувається через різні економічно небезпечні події, які можуть загрожувати стійкості бізнесу та економічній стійкості країни в цілому. Пропонується на законодавчому рівні класифікувати події за конкретними критеріями, що охоплюють технічні, природні, військові, наукові, фінансові та інші види подій. Обґрунтовано необхідність прийняття спеціального законодавства для забезпечення економічної стійкості суб'єктів господарювання під впливом економічно небезпечних подій. Стверджується, що релокація є складовою процесу оптимізації ризиків підприємства. Однак сама по собі вона не гарантує позитивного результату для забезпечення стійкості бізнесу під впливом економічно небезпечних подій. Таким чином, наведено обґрунтування розробки та прийняття стратегії державної політики щодо оптимізації ризиків підприємницької діяльності у відповідних умовах. Крім того, визначено, що переміщені підприємства повинні дотримуватися соціально відповідальної поведінки, щоб інтегруватися в нову екосистему. Підсумовуючи, стаття пропонує цінну інформацію та рекомендації для політиків і зацікавлених сторін, які прагнуть зорієнтуватися в особливостях релокації бізнесу та підвищити економічну стійкість під впливом економічно небезпечних подій.*

**Ключові слова:** *економічна стійкість, підприємницька діяльність, соціальна відповідальність бізнесу, релокація, оптимізація підприємницьких ризиків, стратегія державної політики.*

### INTRODUCTION

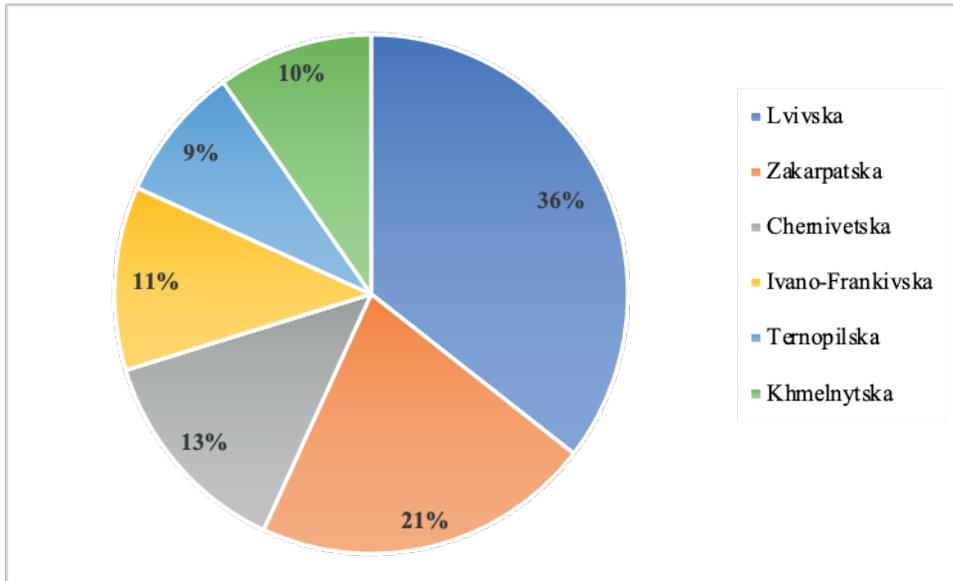
Military aggression resulting from Russia's full-scale invasion of Ukraine has had a significant negative impact on the country's economy and the activities of its entities.

The occupation of territories, destruction of infrastructure, the threat of shelling, as well as technological disasters, compel entrepreneurs to seek alternative solutions to ensure the economic resilience of their businesses. Often, they relocate beyond their region, and sometimes beyond the country. For instance, the destruction of the Kakhovka Hydroelectric Power Station dam (due to a terrorist act perpetrated by the aggressor country) marked the most extensive technological disaster for Ukraine and the EU in the past 10 years [1]. This incurred losses for the country amounting to nearly USD 14 billion, exacerbating the already critical consequences of Russia's full-scale invasion [2]. Among other consequences, the corresponding catastrophe rendered business operations impossible in the affected area, leading to widespread relocation. However, in many cases, this did not yield the desired results. In the conditions of economic instability, including the additional acceleration of inflation (according to the National Bank of Ukraine by 0.3 percentage points due to the destruction of the Kakhovka Hydroelectric Power Station dam) [3], resource constraints, trade deficits [4], logistics problems, skilled labor shortages (including due to the emigration of a significant portion of the population abroad), and a decline in solvent demand in the domestic market, not all relocated enterprises succeed in preserving and restoring their entrepreneurial potential. According to the World Bank, solely due to the full-scale military invasion, almost 20% of large and 10% of small companies that were previously located in the eastern and southern regions of Ukraine were forced to relocate, meaning every 8th company underwent relocation (12%) [5]. Of these, according to data from the Ministry of Economy of Ukraine as of February 26, 2024, there were 843 enterprises (Figure 1,2).



**Figure 1.** Data on enterprise relocation under the state program as of February 26, 2024.

Source: Ministry of Economy of Ukraine



**Figure 2.** Number of relocated enterprises by regions of Ukraine as of February 26, 2024, %.  
Source: Ministry of Economy of Ukraine

The situation is further complicated by the fact that the state often fails to timely and effectively utilize all instruments to prevent potential negative impacts of hazardous events (including full-scale military invasions) on business operations, as well as to overcome and minimize their consequences. This is mainly attributed to the lack of strategic vision regarding fostering the economic resilience of enterprises, particularly their relocation for various reasons, balanced state policies regarding regional development and relocated enterprises, appropriate legislative regulations, and so forth. The relevance of this research is explained by the aforementioned factors.

## 1. LITERATURE REVIEW

In recent years, there has been a growing scientific interest in the issue of business resilience. This can be attributed to the increasing number of external and internal factors influencing it, including political, economic, socio-cultural, and technological changes. Today, in the context of economic globalization and intensified competition, businesses are compelled to respond to rapid and unexpected changes in the economic environment. Moreover, conflicts, natural disasters, and other extraordinary events demand adaptation and swift response to danger. In this context, business relocation, both within a country/region and internationally, typically becomes a vital strategic option for preserving economic resilience in challenging conditions. Therefore, the relevance of researching this topic continuously increases among scholars, especially economists. They strive

to develop new approaches and methods for effectively managing the process of business resilience.

It should be noted that several scholars limit the focus of economic resilience to the ability to quickly recover after shocks. According to A. Rose [6], the resilience of a system is its ability to restore its initial state or transition to a new, more desirable state after a destructive incident. Similar positions are held by other researchers [7; 8; 9]. In their works, they point out that economic resilience is determined by actions taken after a catastrophe, rather than before it. Everything that happens before the catastrophe is aimed at reducing vulnerability by mitigating the consequences [10]. On the other hand, A. Manca, P. Benczur, and E. Giovannini [11], R. Martin & P. Sunley [12], A. Žičkienė, A. Volkov, T. Baležentis, and D. Štreimikienė [13] note that a system is considered resilient if it possesses one or more of these three abilities: absorb, recover, and adapt. Moreover, in the Comprehensive Strategy for Economic Development in the United States, within the context of economic development, economic resilience aims to better prepare regions for anticipating, resisting, and recovering from any type of shock, disruption, or stress they may face. Ensuring the economic resilience of local or regional economies requires the ability to anticipate risks, assess how these risks may affect key economic assets, and build capacity to respond to them [14]. In turn, according to the position of the European Commission [15] and researchers from the ZOE Institute for Future-fit Economies, there is an emphasis on the importance of measuring the economic resilience index and enhancing the resilience of businesses and the European economy [16]. This emphasizes the importance of having the ability to predict risks, assess how these risks may impact key economic assets, and create the capacity to respond [17].

There are cases where, due to economically devastating events, businesses cannot ensure economic resilience without changing their location (for example, in the case of the aforementioned example – the destruction of the Kakhovska Hydroelectric Power Plant dam). And the only immediate way out of this situation, as already mentioned above, is the relocation of the business. This concept is not new to the scientific community. In particular, scholars have approached relocation analysis from the perspectives of various theories [18; 19; 20; 21; 22], including neoclassical, behavioral, and institutional theories [23; 22]. Among recent research, an interesting scientific work in the relevant direction is the article by T. Mitze, F. Kreutzer [24] titled «Relocation, innovation, and the difference that firm size makes: Insights for global sourcing strategies of SMEs». In this article, the authors delve into the analysis of differences between alternative relocation strategies, particularly internal and international relocations, and their impact on the innovation of companies depending on their size and organizational configuration.

Certain studies are dedicated to investigating the relationship between employment protection and business relocation [25]. Scientists note that stricter employment protection laws in a particular country hinder the relocation of companies abroad. Some

suggestions from colleagues in this field may be relevant for Ukraine, especially in the context of rising unemployment and population migration to other countries (particularly against the backdrop of ongoing armed aggression by Russia in Ukraine). However, these suggestions must be adapted to modern realities. A balanced approach is of paramount importance in this case. This involves finding a balance between the rights of the worker and the rights/opportunities of the business entity that has decided to relocate.

It is necessary to consider the fact that in the conditions of war, the decision to relocate a business is not always the voluntary choice of the owner. In most cases, it is forced and accompanied by the loss of production, premises, facilities, etc. A balanced state policy should play a decisive role in such situations. Attention should be paid to the limited number of scientific publications dedicated to this issue. However, in their works, scientists mainly analyze the response of regional stakeholders to the Russian war in Ukraine, related to business relocation, and their impact on the host region. They note that the support of such stakeholders plays a crucial role in mitigating business relocation problems (communication difficulties, market loss, supply chain disruptions, employee relocation issues, provision of comprehensive assistance, and support for integration into a new socio-economic environment) and emphasize the importance of considering this aspect in forming policies for regional development and post-war reconstruction in Ukraine [26].

In this context, attention is drawn to the research conducted by G. Likhonosova, L. Aleksejeva, T. Zieiniiev, and S. Shalbayeva [27] titled «Approaches to ensuring the economic security of the relocated business». This study identifies external and internal threats characteristic of wartime events that have a critical impact on the level of economic security of Ukrainian businesses. Additionally, the current algorithm, levels, and instruments of the state program for relocating enterprises from dangerous and temporarily occupied regions in the context of their economic security are investigated. Based on the analysis of the necessary management measures, the article outlines a management cycle for ensuring the economic security of relocating enterprises. The authors propose an original approach to developing an organizational and economic mechanism for managing the economic security of relocating enterprises in conditions of military operations. The achievements of scientists provide invaluable groundwork for substantiating scientific and practical proposals regarding the identification of business relocation factors and further improving state policies aimed at promoting economic resilience amid such factors.

The article *aims* to substantiate scientific and practical proposals regarding the identification of business relocation factors and to improve Ukraine's state policies aimed at promoting its resilience amid such factors.

## 2. MATERIALS AND METHODS

To achieve the aim of the article and ensure a high level of scientific substantiation and reliability of the results obtained, a methodological framework was applied, which

includes hermeneutic, comparative, terminological, and generalizing methods, as well as the method of interpreting legal norms. The hermeneutic method was used for a thorough analysis of scientific and practical sources and legislation related to the peculiarities of enterprise relocation and the factors influencing it. Methods of interpreting legal norms and consistency were used to justify the appropriateness of applying established legislative approaches to similar concepts. This includes the well-known term «economically disruptive event» in scientific literature and the term «hazardous event» in Ukrainian legislation. Using the terminological method, the concept of an «economically hazardous event» was formulated. The comparative analysis helped identify parallels and differences in approaches to ensuring the economic resilience of businesses amid such factors and justify the appropriateness of applying a comprehensive approach by the state in this direction, including the formation of a strategic vision for business risk optimization amid economically hazardous events.

The conclusions were formulated through generalization based on the understanding gained from the analysis of this diverse experience. This approach allowed for the formulation of well-founded proposals to improve Ukraine's state policy in promoting the economic resilience of businesses amid such factors.

### 3. RESULTS AND DISCUSSION

Before delving into the analysis of business relocation factors, it is important to note that it may vary depending on its type. Voluntary and involuntary relocation are distinguished. In the case of voluntary relocation, the decision to change the business location is made by the owner or management of the company (hired executives such as directors, presidents, and other officers responsible for operational management of the business). Primarily, it (relocation) is explained by the need to expand the business (search for new markets for its products and services, increasing production capacities, etc.), improving its operating conditions [28; 29], etc. Such relocation mostly takes on an international character – external relocation. That is, the movement of the enterprise occurs beyond the borders of the country. Among the factors of external relocation highlighted in the scientific literature are: (1) political instability (conflicts, wars, revolutions, and other forms of political instability); (2) economic factors (high taxes, complex business regulation, unpredictable legislative changes, uncertainty in economic policy); (3) globalization factors (some businesses relocate to reduce production costs and labor); (4) competition (competitive companies have moved to other countries, which may prompt a business to consider relocation to maintain a competitive advantage); (5) climatic conditions (certain types of activities are vulnerable to climatic conditions, such as agricultural enterprises, the tourism industry), etc. [30]. It should be noted that some of these factors are characteristic of internal business relocation, which occurs within the country.

In turn, forced relocation is caused by the occurrence of various disruptive events (shocks or stressful situations) that have a significant negative economic impact on the

enterprise [31]. There are cases where the activities of such enterprises are strategically important for the country. In this case, it is appropriate to talk about the expediency of identifying a subtype of forced business relocation known as coerced relocation. This refers to relocation resulting from disruptive events and, considering the strategic importance of the relocated object for the country is carried out under the coercion of government authorities. Its purpose is to promote economic resilience and national security. The identification of this type of relocation is particularly important for the development of a special legal regime and, for example, in addressing issues related to the provision of government support and/or assistance (especially its priority allocation when limited resources are available), etc.

Returning to the analysis of factors leading to forced relocation – disruptive events, it should be noted that according to scholars, they are mainly of anthropogenic origin and represent sudden incidents that were not previously predicted and can change the course of trends. Considering this, their impact should be taken into account when forecasting socio-economic processes. There is an opinion that disruptive events can have both negative (floods, earthquakes, nuclear reactor accidents, etc.) and positive (technological breakthroughs, political reconciliations between former adversaries, etc.) character [32]. At the same time, such an approach seems to be controversial. By its nature, a disruptive event always brings negative consequences. Only through overcoming them can positive changes occur.

Classification of disruptive events is of paramount importance in research. This thesis is explained by the need for a deeper understanding of various threats and risks to develop effective legal regulation. Classifying disruptive events is a key tool for analyzing potential hazards, creating efficient response mechanisms to emergencies, and formulating strategies to prevent such events in the future. In the context of legal regulation, such an approach allows for the development of more precise and comprehensive regulatory acts aimed at optimizing risks and ensuring adequate protection of the rights and interests of citizens and businesses during crises. Ultimately, this contributes to stability and safety in society.

It is worth noting that the American legal theorist and economist Richard Allen Posner [31; 33] approached the classification of disruptive events quite comprehensively. Focusing on three characteristics (duration, cause, and intent), Posner proposed the following categories for such events: natural disasters (epidemics, volcanic eruptions, meteorite impacts, etc.), scientific or laboratory accidents (such as bacterial leaks), unforeseen technological disasters (climate change, nuclear accidents, social upheavals, economic crises, corruption, political structures, food shortages, etc.), and deliberate technological disasters (cyber warfare, terrorist attacks, etc.). This approach proved to be insightful and laid the groundwork for further research. However, it lacked foresight, as it did not fully consider the impact of wars, which have become one of the major reasons for business relocation in recent decades, including in countries like Ukraine. This highlights the need to refine the above classification and enshrine it in legislation.

Consideration of established legal mechanisms and concepts already in place within the country's legislation is of particular importance in this regard, especially in analogous situations. Such an approach serves as a guarantee of ensuring consistency, clarity, and stability in the legal environment. Developing new regulatory acts or determining the legal status of new phenomena based on established precedents helps avoid contradictions and inconsistencies in legislation. As a result, this contributes to the efficiency and transparency of legal regulation, as well as the development and stability of the country's legal system.

Given the purpose of this study, it is relevant to consider the aforementioned issue using the example of Ukrainian legislation. It is worth noting that Ukrainian legislation operates with a concept similar in meaning to a «disruptive event,» namely the concept of a «hazardous event.» A hazardous event is a factor of an «emergency situation» – a situation in a particular territory economic entity or water body characterized by the disruption of normal living conditions for the population, which has led to or may lead to a threat to life or health of the population, significant material damage, as well as the impossibility of habitation or economic activity in such territory or object (Article 2 of the Code of Civil Protection of Ukraine) [34]. The legislation includes the following events as hazardous events: catastrophes, accidents, fires, natural disasters, epidemics, epizootics, epiphytotics, etc. In turn, emergencies are classified according to the nature of their origin, the degree of spread, the extent of human losses, and material damage. Depending on the nature of the events that may cause emergencies in the territory of Ukraine, the types of emergencies determined by factors are 1) of a technological nature; 2) of a natural nature; 3) social; and 4) military.

The corresponding approach, with some refinements taken into account, by analogy, is appropriate for legal regulation of business relocation. Specifically, in the case under consideration, it would be more appropriate to use the phrase «economically hazardous event» to characterize the factors that lead to the decision to relocate a business. This thesis is explained by the primary goal of relocation, which is the economic resilience of the business. Based on the analysis conducted above, the following interpretation of the term «economically hazardous event» can be proposed. Thus, an economically hazardous event should be understood as a phenomenon or incident of a short-term or long-term nature, which, if it occurs, may hurt the economic stability of enterprises, and consequently, the stability of the economy and society as a whole.

Regarding the classification of such events and their definition at the legislative level, it would be appropriate to utilize existing theoretical approaches in this direction, in addition to considering the current practice of legal regulation of similar relations (including the provisions of the Code of Civil Protection of Ukraine) [34]. In this regard, economically hazardous events, as factors of forced business relocation, are proposed to be classified into the following categories: 1) technogenic (explosions, pollution with toxic, radioactive, or chemical substances, etc.); 2) natural (earthquakes, floods, storms, hurricanes, epidemics, epizootics, etc.); 3) military (aggression, occupation, threat

of war, armed conflict, or serious threat of such conflict, etc.); 4) scientific or laboratory (release of bacteria, etc.); financial (financial crises, etc.); 5) other (acts of terrorism, fire, etc.).

It would be expedient to establish such classification at the level of specialized legislation. It is worth mentioning that proposals for the legal regulation of business relocation are found in scientific literature. Specifically, scholars suggest amending the Economic Code of Ukraine or enacting a separate Law of Ukraine «On the Relocation and Evacuation of Enterprises.» However, in their opinion, amending the Economic Code of Ukraine appears to be more acceptable, particularly concerning the definition of basic terminology, legal mechanisms, state support, and support for communities hosting relocated enterprises [35]. These proposals are certainly valid; however, they lack comprehensiveness.

Firstly, amending the Economic Code of Ukraine [36] will disrupt the systematic approach to regulating certain aspects of economic activity and, consequently, the effectiveness of law enforcement and compliance. Moreover, the process of amending a codified act is lengthier, potentially complicating future needs for legislative modernization in the relevant direction.

Secondly, it's essential to note that business relocation is one of the crucial elements (means to promote business resilience) of a comprehensive process – business risk optimization amid economically hazardous events. In this case, it is appropriate to primarily focus on risk optimization rather than solely on risk minimization or overcoming risks. Through this process, a systematic approach to achieving the goal of promoting business resilience amid economically hazardous events can be ensured. This is inherent in the concept of risk optimization, which involves a risk-related process aimed at preventing the likelihood of negative consequences, minimizing them (in case of occurrence), and maximizing the positive result [37]. In turn, the concept of resilience represents the multifaceted ability of a complex system to anticipate, avoid, absorb, adapt, and recover from disruptions [38; 39; 40]. Therefore, forming scientifically grounded proposals regarding special legislation and the strategic vision of the state exclusively concerning the application of one means will undermine the comprehensiveness of the approach. In other words, the presence, for example, of a state strategy specifically for relocation amid economically hazardous events and the absence of a strategic document containing a systemic vision for achieving the goal of business economic resilience will hinder the achievement of such a goal. Hence, it is necessary to focus specifically on the state policy strategy on business risk optimization amid economically hazardous events and the enactment of a law ensuring the economic resilience of businesses amid economically hazardous events. It is in this special legislative act that their (events) classification should be codified, which will be crucial not only for the development of other means of risk optimization apart from relocation but also for the achievement of economic resilience goals for enterprises under relevant conditions.

Regarding justifying the appropriateness of a strategic vision for state policy in this direction, it is essential to note the following. As known, it is at the strategic level that the realization and optimal alignment of the interests of business entities and consumers, various societal strata, and the population as a whole occur [36]. The lack of institutionalization of strategic planning in Ukraine leads to a breach of consistency and coherence in the implementation by state authorities as economic policy in general, and its separate directions [41]. Therefore, a strategic vision for business risk optimization in the face of economically hazardous events is important not only for ensuring stability and effectiveness in the optimization process itself but also for upholding the principles of fairness, social resilience [42], and social responsibility in conducting business activities. Companies must consider potential risks and their impact on society and the environment when developing their own strategies and action plans. This involves not only taking measures to prevent negative consequences in the case of economically hazardous events but also identifying opportunities to improve the social and environmental impact of their activities in a new location (after relocation). Specifically, a meaningful orientation of business should acquire a new quality, one that «recognizes the multidimensional nature of human beings» [43].

Thus, the social business responsibility in the context of risk optimization lies in considering the social and environmental aspects of their activities, both when making decisions and taking action in risk management and during ongoing operations in a new community. In this case, open dialogue with the public and partnerships with local authorities to jointly seek optimal solutions that meet the needs of all stakeholders become particularly important.

Regarding the presence of strategic documents on business risk optimization amid economically hazardous events, such a document, as understood in the context of the Economic Code of Ukraine or the Law of Ukraine «On State Targeted Programs,» is absent in Ukraine.

Instead, at the beginning of 2021, the Government of Ukraine approved the National Economic Strategy for the period up to 2030, known as the 'strategy of strategies' (the main document for developing further strategic documents). One of the economic visions of this document proclaimed that «Ukraine is the most attractive country for economic opportunities for conducting business...» [44]. However, the question of optimizing business risks amid economically hazardous events was not reflected in the content of the National Economic Strategy for the period up to 2030. Although changes were made to this document in 2023, they only concerned technical amendments related to physical culture. Unfortunately, the factor of military actions on the territory of Ukraine and their consequences, including business risk optimization caused by military actions, did not occupy a place among the important strategic directions of the state. Perhaps considering this, the question of the «necessity of adjusting the state socio-economic policy taking into account the negative consequences associated with military events» gained publicity in the scientific literature [27].

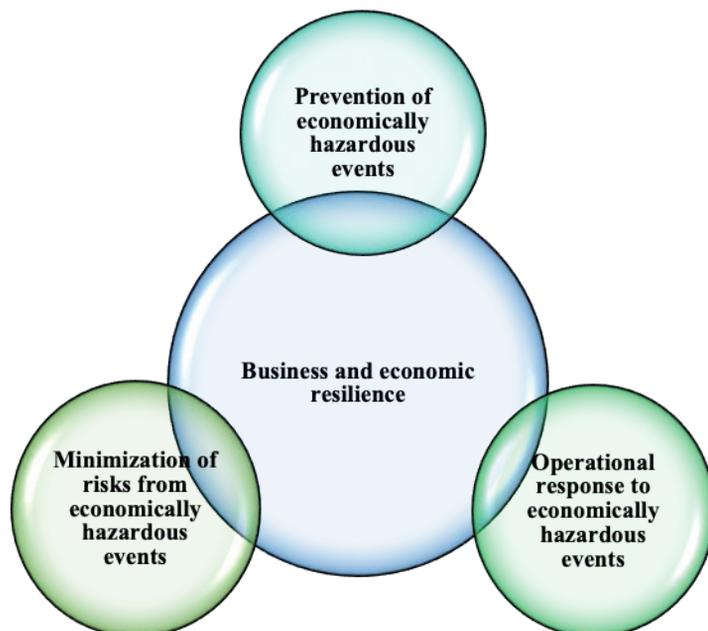
Partial awareness of the specificity and significance of the aforementioned issue is also observed on the part of the Government. For instance, the Strategy of the state policy on internal displacement for the period up to 2025, approved by the Cabinet of Ministers of Ukraine by Order № 312-r on April 7, 2023, recognizes business relocation as a complex issue requiring separate regulation at the state level [45]. However, this provision has not received practical implementation.

Some researchers emphasize the existence of a state program in Ukraine for business relocation, which covers the physical relocation of all production facilities and provides assistance in equipment installation and activity setup, hiring employees, procurement of raw materials, as well as logistics and sales, including export chains [46, p. 46]. At the same time, the document called the «state program» is not a program document in the legislative sense. It represents nothing more than a roadmap (a set of actions) for a specific relocation. Moreover, due to the occupation of certain territories and ongoing shelling, some of the enterprise's capacities have been lost or destroyed. Therefore, it is quite challenging in this case to talk about relocating all production capacities of the relocating companies.

The absence of a clear strategic plan indicates the country's insufficient readiness for future economically hazardous challenges and requires the immediate development of an appropriate document. Primarily, the focus should be on state policy aimed at retaining businesses within the jurisdiction of Ukraine. This will help prevent the outflow of tax revenues from the state and local budgets, promote business activity, and ensure employment for the population, especially for socially vulnerable groups such as internally displaced persons. Achieving this goal can also be facilitated by creating «positive incentives» to support internal business relocation to other regions of the country.

Therefore, one of the main directions of the National Economic Strategy for the period up to 2030 should be the development of state measures to promote business resilience in the face of economically hazardous events, with significant attention given to enterprise risk optimization. To achieve this, it is deemed appropriate to specify the relevant direction in a special document – the State Policy Strategy on Business Risk Optimization Amid Economically Hazardous Events. It should encompass all aspects of the respective process and ensure the ability to react promptly and properly to the aforementioned incidents and situations. This can only be achieved through organizational resilience, i.e., the ability of government bodies, local self-government bodies, enterprises, institutions, and organizations to identify, prepare for, respond to threats, adapt to changes in the security environment, and maintain sustainable operation before, during, and after a crisis to preserve functioning and further development [47].

Given the above, the strategic directions of state policy regarding business risk optimization in conditions of economically hazardous events can be schematically represented as follows (Figure 3).



**Figure 3.** Strategic directions of state policy on business risk optimization amid economically hazardous events. Source: compiled by authors, 2024

So, at the initial stage (preventing economically hazardous events), the government should develop and implement monitoring and analysis systems that enable timely detection and notification of businesses about the likelihood of economically hazardous events occurring. This may include monitoring climate change, geological risks (such as earthquakes or floods), escalation of military actions, and social crises that may hurt specific enterprises or the business environment as a whole. This strategic direction may also encompass: regulating the relocation of enterprises at the legislative level; implementing special security protocols for them; property and business insurance; business and territory financial support programs for relocation, and so forth.

In the case of economically hazardous events, the state must react promptly (prompt response to economically hazardous events) and provide support to enterprises. The guarantee of prompt response lies in existing legislative regulations, which will stipulate the specifics of providing informational, resource, and other forms of support, deploying coordination headquarters within governmental bodies, and so forth. It should be noted that relocation (complete or partial) of enterprises plays a significant role at this stage of business risk optimization. This involves evacuating personnel, relocating equipment, production facilities, and so on. Of particular importance in this regard is the relocation of strategically important enterprises for the state or a particular industry. Therefore, this direction encompasses the stages of preserving production capacities, preparing for

full or partial relocation of enterprises, actual relocation to a new location, and the initial preparation of this area to accommodate businesses (connecting to utilities, etc.).

Furthermore, both the government and businesses, already equipped with programs, plans, and local protocols for minimizing the consequences (minimizing the consequences of economically hazardous events) of business crises, must effectively utilize this complex of measures. This may include restoring entrepreneurial activity, reconstructing or repairing damaged facilities, as well as utilizing tools of state support (tax holidays, tax incentives, credit moratoriums, interest rate compensation for loans, etc.). In terms of business relocation, risk minimization is applied after the relocation, when the business restores or has already restored business activity in the respective territory. For business relocation, the measures mentioned above as well as others can be applied, considering the specifics of the relocation process. Like the previous strategic direction, this direction also involves the active participation of three main stakeholders (the government – through central and local executive authorities, communities – through local self-government bodies, civil society, and businesses themselves). Minimizing the consequences of enterprise relocation can also be ensured by selecting a location (including secondary) that best suits the specifics of entrepreneurial activity for the placement of production or warehouse facilities, ensuring rapid connection to networks; changing existing supply chains, or establishing new ones; exploring new markets for product distribution; engaging local human resources (both highly skilled and low-skilled personnel). Special attention deserves to be paid to supporting small and medium-sized businesses, which act as a catalyst for increasing employment among various social groups, including vulnerable ones. This is also relevant during the mass internal displacement of individuals in Ukraine.

## CONCLUSIONS

Based on the analysis conducted, scientific and practical recommendations have been formulated regarding the identification of factors influencing business relocation and the enhancement of Ukraine's state policy toward fostering its resilience amid such factors.

It is argued that business relocation can be voluntary or forced, as well as involuntary-coercive, based on the presence of compulsion or the amid external factors, and can be categorized territorially as internal or external. It is substantiated that forced and involuntary-coercive relocations occur under the influence of economically hazardous events, which are understood as phenomena or incidents of short or long duration that, upon occurrence, can hurt the economic stability of enterprises, and consequently, the stability of the economy and society as a whole. It is proposed to classify such events in special legislation based on the following criteria: 1) technological (explosions, pollution by toxic, radioactive, or chemical substances, etc.); 2) natural (earthquakes, floods, storms, hurricanes, epidemics, epiphytotics, etc.); 3) military (aggression, occupation, threat of war, armed conflict, or serious threat of such conflict, etc.); 4) scientific or laboratory-related (release of bacteria, etc.); 5) financial (financial crises, etc.); 6) other (acts of terrorism, fire, etc.).

Regarding special legislation, it is argued for the adoption of a specific law aimed at ensuring the economic stability of business activities amid economically hazardous events. It is demonstrated that fostering business relocation is one element of a comprehensive approach (business risk optimization) to ensuring the economic resilience of businesses and in itself cannot lead to a hundred percent positive outcome. Based on this, the expediency of forming a strategic vision specifically for business risk optimization amid economically hazardous events through the adoption of an appropriate strategy of state policy is justified.

At the same time, it is determined that relocated enterprises must adhere to maximum social responsibility behavior, which will allow for quicker integration of the business into the local ecosystem, without creating resistance to its activities among representatives of the local community or authorities.

## RECOMMENDATIONS

The article is recommended for legal professionals in the field of economics and law, including researchers, educators, and students, as well as practitioners and all others interested in exploring and applying new approaches in researching issues of business resilience in the face of economically hazardous events.

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