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COMPETENCIES FORMATION OF THE FUTURE FINANCIAL ANALYSTS UNDER WARTIME CONDITIONS

Annotation. *The competencies formation of the future financial analysts in the context of martial law and further reconstruction of Ukraine is considered. An achieved level assessment of the financial and economic situation in Ukraine as of the end of 2023 is provided. The modern requirements for financial analysts put forward by potential employers are revealed. The future financial analysts' competencies under the conditions of martial law and further reconstruction of Ukraine are highlighted, which they should acquire when studying in educational institutions.*

Key words: *financial analysts, finance, economy, education, war, financial analysis.*

Анотація. *Розглянуто формування компетенцій майбутніх фінансових аналітиків в умовах режиму воєнного стану та подальшої відбудови України. Надана оцінка досягнутого рівня фінансово-економічного стану України на кінець 2023 року. Розкрито сучасні вимоги до фінансових аналітиків, які висувають потенційні роботодавці. Виокремлено компетентності майбутніх фінансових аналітиків в умовах режиму воєнного стану та подальшої відбудови України, які вони повинні набуті в процесі навчання у закладах освіти.*

Ключові слова: *фінансові аналітики, фінанси, економіка, освіта, війна, фінансовий аналіз.*

Introduction. Ukraine is entering the second year of a full-scale war started by Russia. A heavy burden has fallen on the Ukrainian state shoulders, on Ukrainians, on the Ukrainian economy and Ukrainian finances. The Ukrainian state began to live in extremely difficult conditions. There have been major changes in the country's political life and in all other spheres. First and foremost, the financial and economic sector has been hit hard, both at the macro and micro levels. The educational institutions that train economists and financiers have also faced corresponding challenges. Therefore, the chosen research topic is quite relevant.

Purpose of the article – to reveal the future financial analysts' competencies formation in the context of martial law followed by Ukrainian economy reconstruction.

Therefore, the following tasks should be solved:

- to assess the achieved financial and economic state of Ukraine at the 2023 end;
- to reveal the current requirements for financial analysts, which potential employers put at the macro and macro levels when looking for such specialists;
- to distinguish the future financial analysts' core competencies in the context of martial law and further reconstruction of Ukraine, which they should acquire when studying at educational institutions.

Research Results. On February 24, 2024 (two months from now), it will be two years since Ukraine has been steadfastly fighting for its independence. Ukrainian defenders have been courageously defending their territory and fearlessly protecting the right of Ukrainians to live on their native land.

Ukraine's experience in 2022-2023 has shown that martial law has significantly spoiled the country's financial and economic situation.

Some enterprises remained in the occupied territory and were seized by the Russian occupiers, some business entities relocated to the safe zones, and some companies are still operating in their primary locations. However, the economic environment, financial situation, and opportunities for earning income have deteriorated significantly.

What is the Ukrainian economy's state? *It is advisable to consider the economy tracker in that instance.*

The business expectations' change is an important subjective indicator of the economy state, displaying a gradual activity recovery or, conversely, a deterioration in the situation. Negative expectations prevail among the businesses surveyed. According to the NBU, the assessments deterioration was caused by ongoing hostilities, increased security risks, and disruption of supply chains (in particular because of the border blockade by Poland – CES), certain restrictions on the electricity supply and its price increase for businesses, tax changes, and a narrowing of investment demand, as well as *a lack of skilled workers* [1].

For the first time since last summer, Ukrainians' economic expectations turned negative at the end of 2023. Positive sentiment for the future, which has prevailed since the fall of 2022 and did not deteriorate throughout the winter, is gradually running out.

In December 2023 Ukraine has already received about \$0,9 billion in loans from the IMF and \$68 million in loans from the World Bank. This month, Ukraine is yet to receive €1,5 billion in EU funding; US grant funding has not yet been approved [1].

Overall \$38,4 billion of foreign funds were received in 2023 [1].

Funding sources for the state budget include military bonds, international financial organizations loans, and bilateral loans and grants [2].

The state budget of Ukraine extra funding in 2023 given in the table 1 below.

Table 1

The state budget of Ukraine extra funding in 2023 as of December 15

Countries (funding source)	Type of financing	Billions of US dollars
EU	Foreign loans	17,9
DGLB (incl. military)*	Loan bonds	14,7
USA	Foreign grants	10,9
IMF	Foreign loans	4,5
Canada	Foreign loans	1,8
Japan	Foreign loans	1,5
UK	Foreign loans	1,0
The World Bank	Foreign loans	0,7
Others (Germany, Spain, Finland, Ireland, Switzerland, Belgium, Iceland, Estonia)	Foreign grants	0,2

The source: The table is based on data from the Ministry of Finance of Ukraine [2] and the of Ukrainian economy tracker during the war [1].

* DGLB – domestic government loan bonds

However, foreign financial assistance is less than needed.

As weather conditions has worsened, electricity exports dropped to zero. Net electricity exports turned negative with the cold weather onset. Ukraine is facing a deficit in the power grid and is forced to import electricity from abroad. At the end of November, the European Network of Transmission System Operators for Continental Europe, ENTSO-E, increased the capacity of cross-border crossings for electricity imports to Ukraine to 1700 MW, which will allow Ukraine to get through the winter period more confidently. *Ukrenergo* has fulfilled all the conditions necessary to become a full member of ENTSO-E and received this status on December 14. As a full member with voting rights, *Ukrenergo* will become one of the largest and most important members of that organization [1].

Thus, Ukraine only imports electricity.

The Temporary Maritime Corridor is working. According to the Ministry of Reconstruction, since August 8, more than 7 million tons of cargo have been exported through that corridor from Pivdennyi, Odesa, and Chornomorsk ports including almost 5 million tons of Ukrainian farm products. In total, 200 vessels have already passed through the Temporary Maritime Corridor leaving the ports listed and 226 vessels to entering them [1]. Grain exports by sea are growing.

According to the State Statistics Service, the inflation in November was 0,5% compared to September, with prices rising for the third month in a row. Since the beginning of the year, inflation has amounted to 4,4%.

Transportation (+0,9% month-on-month), restaurants and hotels (+0,9% month-by-month), and food and beverages (+0,8%) rose the most. Vegetables were the most expensive among food items (+13,2% month-by-month). However, vegetables are still 8,2% cheaper than a year ago.

According to the State Statistics Service, clothing and footwear fell by 3% over the month.

In annual terms, inflation was 5.1% in November, compared to 5,3% in October [1].

On December 15, the NBU cut its key policy rate to 15%. This step was taken in response to lower inflation and positive changes in inflation expectations, which

enhances the long-term attractiveness of hryvnia savings instruments.

Corporate and retail loans continue to grow. Most loans continue to be disbursed under the “Affordable Loans 5-7-9%” program, which is focused on agriculture and retail sector. Loans under this program constitute more than 40% of the operating gross hryvnia business loan portfolio [1].

In Q3 2023, Ukraine's GDP grew by 9,3% year-to-year. This is higher than the NBU forecast, which assumed that GDP would grow by 8,2% in Q3 2023.

In 2024, GDP will grow by 3-4% (IMF forecast) or 3,6% (NBU forecast).

Tax revenues in November reached UAH 114,2 billion. Revenues from import VAT, customs duties, and excise duties decreased due to the blockade of border crossings with the EU, mainly with Poland. Revenues from domestic VAT remained at UAH 22,9 billion, with stable refunds [1]. Corporate income tax compensated for the loss of indirect taxes on imports revenues.

Monthly defense spending fell to UAH 121 billion, being the lowest monthly figure since January. The main factor was a decrease in weapons and ammunition purchases by UAH 92 billion compared to September. Expenditures on economic activity increased by UAH 5 billion month-on-month due to spending on the protection of critical infrastructure [1].

In such circumstances, there is a substantial demand for financial analysts at the micro and macro levels. Many companies have reformatted their operations during the war, diversified their business activities completely, and switched to new business models that involve the financial system modification, generating new types of cash flows, creating alternative ways to maintain the company's solvency, *etc.*

Financial analysts, financial managers and financial services' heads do possess the key positions in managing the strategy of a company (region, country). They play a leading role in the financial stability ensuring, liquidity, providing solvency, profitability, and competitiveness of the enterprise, facilitating therefore successful life, prosperity, and wealth for the country.

In their requests for future financial analysts, financial managers, and heads of financial services, employers set certain requirements.

In our previous studies, we have disclosed the requirements for accounting professionals in the context of the war in Ukraine [3]; requirements for accounting and foreign economic activity taxation professionals under martial law, temporary occupation of Ukrainian territories, and the military, financial and humanitarian aid receipt from other states [4].

Choosing the right financial analyst (manager, director) could be a reliable way to achieve the financial goals. This process requires in-depth analysis and a careful approach.

It is recommended that employers be guided by the following scheme of requirements for potential financial analysts who must possess important professional competencies in a time of war:

1. *Education and professional training* – whether the candidate got a professional education, which educational institution he or she graduated from (well-known universities or business schools' graduation may indicate a high level of training).

2. *Licensing and accreditation, ongoing additional training* – Life is changing permanently (for example, there is a war in Ukraine), so it is important that a potential financial analyst continues his or her education. Does the candidate have international certifications, such as CFA (Chartered Financial Analyst) or CFP (Certified Financial Planner)?

3. *Practical experience* – where and for how long he was employed by his specialty, what he was directly involved in, and what are his(her) achievements. For example, for a modern financial analyst in the context of the war in Ukraine, the following questions are important: For how long has the specialist been working in this field? Has he/she worked with companies similar to yours by size, and/or industry? Can he/she act under the force majeure? Can he cope with the economic crises and work under the political crises? Does he have experience working under the financial crises? How should a Ukrainian company work under martial law?

4. *Methodology and methods of work, professional methods and techniques* – Which analytical toolbox does the potential financial analyst possess, which financial tools does he/she utilize for the financial data analytical processing? How will he assess

the economic and financial risks, how will he counteract to them, what will he do to reduce them? How will he/she manage the financial risks in wartime?

5. *Professional contacts network* – covers interaction with other professionals and contacts in the chosen and related industries. Does the potential financial analyst have professional relationships with other financial analysts? Does he/she have access to auditors, lawyers, and/or other specialists as the need arises, considering that lots of specialists have been relocated and are outside Ukraine?

6. *Analytical skills and creative thinking*. A potential candidate in a time of war must be an excellent creative financial analyst. He or she must be able to analyze source data and be able to develop financial and economic strategies for the development of an enterprise, region, or state. Does the candidate have skills and experience in the financial indicators' analytical research? Does the candidate master a set of modern financial indicators based on international experience? Can he/she elaborate valuable financial insights to achieve financial success of the company and the country?

7. *Leadership skills, ability to communicate and deliver facilitation sessions*. Whether the candidate has leadership skills and the ability to communicate with colleagues in solving important financial issues, skillfully lead a discussion, be a modern facilitator on financial and economic issues, motivate and manage staff and participants in facilitation sessions. The leadership skills of a strong financial analyst influence the effective financial management of the company and the country. Currently, this is very important for Ukraine in the context of martial law and the issue of obtaining financial assistance from foreign partners.

8. *A stable psychological state*. War, with all its tragic manifestations, is a powerful stressor that can affect the human psyche even years after the fighting is over. The candidate must have good psychological health and be able to make instant decisions in stressful situations (air raid, rocket bombing, shelling, etc.).

The Ministry of Health, together with the Office of the First Lady and other partners, has launched a program to help Ukrainians to overcome the psychological consequences of the war [5].

9. *A business English command*. In the contemporary world, it is impossible to

operate without knowledge of English. This is especially important at the times of war and when communicating with business partners at both the macro and global levels.

The responsibilities of financial analysts are clearly stated in advertisements for these specialists [6].

While training the financial analysts, educational institutions provide the professional competencies by delivering a package of financial, analytical, accounting, and other academic disciplines important for financial analysts.

Conclusions. Thus, despite the war causes enormous economic losses, it is not necessary be a demolishing crisis. If you are flexible and alert to changes (i.e., if you manage competently at the micro and macro levels), you can continue to operate your business and the whole country's economy, create conditions for the assets and resources preserving and even developing in times of war. For that reason, the financial analysts must possess a full package of modern professional competencies that will meet the conditions of war and post-war development of Ukraine.

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