

# TRUST IN BUSINESS AND BUSINESS EDUCATION

How Business Relationships Have Been  
Shaped in Ukraine During the Years of  
Independence

# Introduction

The purpose of the study was to find out the vision of Ukrainian business people regarding the level of trust in the business environment, the factors of its formation and development over the years of doing business, the impact of trust on the development of Ukrainian business, and the role of business education in shaping the current business environment.

This study was supported by the William Davidson Institute at the University of Michigan.

Research team:

Paul Clyde, University of Michigan  
Sofiya Opatska, Ukrainian Catholic University  
Serhii Hvozdo, Kyiv School of Economics

Interviewing, analysis, and report design:

Yuliia Vasylenko, Ukrainian Catholic University  
Tetiana Halahuz, Ukrainian Catholic University

## Research methodology

Qualitative methods were used to collect information, namely semi-structured in-depth interviews.

We conducted **18 in-depth interviews** with representatives of the business environment (company owners and top managers). The research involved 10 males and 8 females.

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.

# Participants

Most of the businesses represented by the interviewees 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 have had experience of short- and medium-term training in various business courses.

## Sectors of business

**Trade**

**Mining and Construction**

**Manufacturing**

**Business consulting**

**Cleaning services**

**Design**

**Logistics**

**Banking**

**Innovations in education**

**Compliance**

**Restaurant industry**

**and other**

# Research objectives

## 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

## 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

## What is trust?

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

Participants most often associate trust with words:

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



*Trust is built when you are told all the way through what other surprises there will be. (Male, company owner, architecture and consulting)*

*Therefore, trust is (...) the ability to delegate. And to be able to delegate is to be able to let go, recognize another opinion as better, or listen to it at all. (Male, company owner, design)*

*If you don't respect a business as an expert business, as one that provides you with good, high-quality services under transparent, understandable conditions, when you know what to expect from them, then trust will not be built. (Female, top manager, banking)*

“ 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 is needed to build trust?

Research participants spoke about trust in general and in the context of interaction with different stakeholders: clients, partners, team members, and the state. The elements of trust that are important in relations with all stakeholders are **shared values and fulfillment of obligations**.

### Customer category:

according to the participants, customer trust in a company is based on the social responsibility of the business, product/service quality, and open and transparent communication. Businesses also expect their customers to trust their professionalism and knowledge in a particular industry (especially in the B2B segment). Also, according to the participants, for a client to trust a business, it needs stability, a certain duration of work and visible results, the ability to hear the client's needs and admit its mistakes.

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

*Because we have been working with him (client) for a year, two, three, we have already shown him, we have done things for him, he understands that he can trust our word. If we say it, we will do it. (Male, top manager, IT)*

*The company hasn't closed in a year or two or three; it exists, it works, and you can contact it. It has some social projects. I think this is also very important, especially now. (Female, company owner, IT in education)*

## Partners category:

trust between partners, according to research participants, is primarily about performance, keeping one's word, and responsibility. Participants tend to trust the experience and practical results of previous work. Trust is already manifested in the process of cooperation, and it is important for participants to know what to expect from partners, to rely on their responsibility, and honest communication in cases where agreements have to be changed. Some participants also emphasized the importance of written terms and conditions of cooperation.



*[Trust] means keeping your word, being in touch, being responsible for what you signed or agreed to, and even if it doesn't work out, it's just explaining to people with specific numbers and specific dates when it will. (Male, top manager/partner, logistics)*

*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)*

## Team category:

according to the participants, trust within the company is based on a common understanding of the strategy, values, and goals of the business. Honest communication and support for employees in critical situations are also important.



*We are doing something good. And it's also about building trust between employees who don't want to go somewhere else to just earn more money, but want to make a great product. (Female, company owner, IT in education)*

“

*It starts with the interview, when you speak truthfully and honestly about all the pros and cons of the job. And you don't promise something that you can later say, “I'm sorry, but it didn't work out that way”. This is about the proper quality and fulfillment of the employer's obligations. (Male, company owner, manufacturing)*

Several participants emphasized the relationships that they believe are important for building trusting business relationships. Firstly, it is the ability of trust to spread between stakeholders: from the owners/managers of the company to the team, and then to customers. This is due to agreed common values, and belief in the product or service. Secondly, participants point to the importance of cultural and educational foundations for building trust not only in business but also in society as a whole: in their opinion, education, the establishment of values, quality education, and cultural development play an important role.

“

*This is a long way, it starts with the family, it starts with school, it starts with the formation of the overall culture of society, with the formation of the values that should be in society and should be transformed into public administration and business. (Female, company owner, food production)*

*If the team is motivated, and we have a chain: product, team, manager, and client, and it works and is supported by the team, then this builds a high degree of trust. (Male, company owner, manufacturing)*



## Government category:

The category of the government should be highlighted separately: for participants, the basis for trusting relations between business and the state is transparency, clarity, and unambiguous interpretation of laws, stability of institutions regardless of individual officials, and mutual benefit for business and the state.

Participants mostly associate the challenges to trust that exist in Ukrainian business with processes at the state level.

First of all, it is the consequences of the war: problems with the energy system, mobilization measures, uncertainty about the future and the existence of businesses, partners, and suppliers in general, and the impossibility of long-term planning. Corruption and lack of transparency were also mentioned: participants noted a lack of trust in government agencies due to the inability to track the use of taxes, as well as unstable and unclear legislation. Participants repeatedly mentioned the need for trust in institutions that are stable and transparent.



*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)*

*Our biggest problem with trust in society - this also affects trust between businesses and between people - is distrust in the state, state institutions, distrust in the Ministry of Defense, in the TCR, unfortunately. (Male, company owner, compliance and security)*

*The war has significantly catalyzed the problems that existed before the war. These include the problem with personnel, the problem with the instability of legislation, and the inability to plan for the future. (Male, company owner, manufacturing)*

## What helps to start a trusting business relationship?

The research participants note that they mostly start cooperation with a certain amount of trust, which is then tested during the course of cooperation. The respondents rely on their observations from conversations with potential partners, a sense of comfort during communication, and a match of values. Before starting a business relationship, the survey participants rely on the following sources of information about a company or person:

- **personal communication and feelings during it;**
- **monitoring services, business control, and public data (YouControl, Opendatabot, Getcontact);**
- **feedback on previous cooperation, recommendations from other business people, and other partners;**
- **review of profiles in social media, and 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)

*I have it [trust] in any person at the beginning, and then it is reinforced by some actions or the absence of any negative actions. That is, I trust people by default.* (Female, top manager, cleaning and repair services)

*There is no substitute for live communication... First of all, it is important to feel comfortable, to see if the person and the company are in line with our values.*  
(Male, company owner, agricultural products wholesale)

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



*And if a person doesn't pay their debts (...) They will most likely have a lot of good reasons, but this is not the person with whom you should start a business. (Female, top manager, cleaning and repair services)*

*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)*

Some of the questions during the interviews concerned the **concept of reputation**, its connection with trust, and its impact on building business relationships.

The research participants explained the term '**reputation**' as follows:

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

In general, participants 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.

“

*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 huge marker that you can cooperate with a person, 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)*

According to interviewees, it is not only the results of work, completed projects, and compliance with obligations that influence the formation of a reputation in business. An important role is also played by:

- the personality of the business owner/manager, his or her actions, values, and consistency;
- the way a business or person is deliberately portrayed by their 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.

“

*I can also say that personal connections and trust in the business owner played a big role then, and it plays no less now. Personal connections are very important in our business environment. We can also talk about reputation. Because a good reputation builds trust. (Male, company owner, manufacturing)*

*I generally believe that people who have 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)*

“ Reputation now consists not only of the projects implemented, but also of how you communicate, how you exchange documents, how the local managers work, 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)

The participants were given the opportunity to agree or disagree with the statement “**I don't care about my partner's business relationships with others. The main thing is that he is completely honest with me**” on a scale from 1 to 10, where 1 is not about them at all, and 10 is completely about them. The scores range from 1 to 5, with respondents mostly disagreeing with this statement. However, the rationale for the participants' opinions is more interesting: relationships with other partners are of interest to respondents, as this is how they predict their future cooperation with this person. There is almost unanimous agreement among participants that dishonesty in one business relationship will always lead to dishonesty in another, which is only a matter of time.

“ 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 and trust

The research participants had different experiences in business education: studying at diploma programs, short-term courses, training from companies, etc. However, it cannot be said that the opinions of business school graduates and those who have not studied at business schools are categorically different. The most common opinions about the **value of business education are networking, being among business people, and structuring and systematizing knowledge and experience.**

As for whether people with business education have any common features that make them stand out, respondents were divided. Some believe that there is no significant difference or expectations from communication. Others pointed to similarities such as a thirst for knowledge and change, a common language and views on business processes, and similar values. Some respondents also expressed a higher level of trust or a certain default trust in other people with business education. This trust arises from the belief that such people have similar values, understand what is being said in the same way, have a common background.



*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)*



The research participants were asked to rate the statement “**Between two job candidates with the same level of qualifications, I would prefer the one with a business degree**” on a scale from 1 to 10, where 1 is not at all about me, and 10 is completely about me. There was no significant difference in the responses of business school graduates and those without a business degree. Some participants would definitely give preference to a candidate with a business degree, others would consider it as part of a person's overall image, and some respondents do not consider business education to be a decisive or even important factor in making a decision. Most of the participants noted that the candidate's values, soft skills, experience, integrity, and a comfortable emotional connection during communication play an equally important or even more important role than business education.

“

*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)*

*It will be 7. Why? Because business education is not a constant. That is, the fact that a person has a business education does not mean that I will trust him or her. (Male, company owner, architecture and consulting)*

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



Another statement that participants could rate on the same scale was: **“I would be more willing to rely on the professional opinion of a person with a business degree than a person without one”**.

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

“ 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

1

The research participants recognize the **importance of trust** in building business relationships. Trust plays an important role in relationships with **clients, partners, and team members**, as business is always about taking risks, opening up to new opportunities, and cooperating with different people. Of course, rules and agreements also play an important role, as trust is also the confidence that each party will fulfil its obligations.

2

During the interviews, participants often mentioned **interconnected processes related to trust**. It is not correct to consider trust in business as something separate, as business exists in an environment influenced by global factors, government policy, technology development, and much more. Several participants expressed the view that **trust in the business environment and society as a whole is wave-like**: it can grow at the beginning of significant changes, revolutions, etc. and gradually decline due to a lack of institutional support for trust, inconsistent government activity, financial and power abuses, certain infantilization of society, and shifting of responsibility.

3

One of the biggest challenges to trust, according to the participants, is the relationship between business and the state: there is uncertainty that both parties are striving for the same goal, which means that the level of trust in the government and its decisions is decreasing.



*There is no need to help business people, they should be left alone. [The government] needs to make normal, decent rules of the game. That's all. (Male, top manager/partner, logistics)*

*The level of trust in the state affects the level of trust between counterparties. (Male, company owner, compliance and security)*

*This is a matter of trust in the institution. I think this is the biggest problem, because citizens must believe in their state and worry about it, be its patriot. (Male, company owner, retail)*

## 4

Participants shared their views on the transformation of Ukrainian business in different periods since 1991 - however, this topic requires a deeper study. For example, respondents who started their business activities in the 1990s describe the business environment of that time as **'chaos', 'uncertainty', and 'great opportunities'**. They noted the **lack of rules, systems, and a certain level of danger**, but at the same time the desire to do something, develop, implement ideas, and own property - and trust among people was built on these common aspirations and personal connections, despite all the risks.

Most interviewees with business experience dating back to the late 1990s and early 2000s point to the gradual legalization of business, the acquisition of expertise, increased competition, and the emergence of new technologies and systems that allowed them to work more efficiently and build relationships with customers. But at the same time, the flourishing of fraudulent schemes in big business has negatively affected trust in the business environment, in particular among investors and in the banking system.

The business environment and trust in it and within it are also affected by global and national factors: the **2008 financial crisis, the 2004 and 2014 revolutions, the pandemic, and, of course, Russia's full-scale invasion of Ukraine.** However, according to the respondents, it is the joint experience of crises, support for their team, and fulfillment of obligations to suppliers, partners, and creditors that helps to increase trust in business both within the business environment and in society.

Participants mentioned the **resilience and flexibility** of Ukrainian business, as well as opportunities and potential for development. In general, there was no strong sense of pessimism during the interviews - although the respondents are aware of all the difficulties, they continue to work, overcome challenges, develop, and believe in the best.

“ *The entrepreneurial spirit and the desire to be open to new things have always been inherent in us, both locally and throughout Ukraine. (Male, company owner, restaurant industry)*

*These are the criteria of trust: high quality of product and service, openness, honest, open, transparent communication, demonstration of prices, declaration of values. This was not the case before because there was no such requirement. This is an evolutionary path that people have come to, realizing that there is a lot of competition, and only those who can demonstrate these things that build trust will be able to be a leader and withstand competition. (Female, top manager, oil and gas industry)*

“ Just after the Orange Revolution, there was a certain amount of positive energy, not only at the level of ordinary people, but also at the level of businesses. This contributed greatly to trust. (Male, company owner, compliance and security)

*Ukrainian business has incredibly demonstrated its resilience, sustainability and responsibility. (Male, company owner, agricultural products wholesale)*

## 5

The most prominent examples of trust in the current business environment described by research participants are deferred payments for products or services and verbal agreements between partners or contractors. Despite the high risks, participants say that businesses are meeting each other halfway, and trust, a stable positive reputation, and confidence that the other party will honor its obligations help a lot.

The research participants do not reject the importance of setting out terms and conditions and concluding contracts, but they prioritize honesty and understanding.

“ *But it's also about trust. Because I signed a contract with them and they asked me not to add penalties for delay. We removed them and now we can only wait. It happens, it's life. They also have no electricity, they also have a war. (Female, top manager, cleaning and repair services)*

## 6

The research also looked at the role of business education in the development of Ukrainian businesses and in building trusting business relationships. Participants included those who had received a business degree at a university and those who had attended various business courses and programmes.

In general, the participants were favorably disposed to the idea of business education but were not unanimous in their opinions on the format of such education and, in general, on the definition of what is considered business education. This could be an interesting area for future research: what kind of training and in what format do different representatives of the business environment need.

“ *I would say that business education is a path and a process, and an entrepreneur, businessman, and investor should be constantly in this process. (Male, company owner, architecture and consulting)*

The predominant opinion about the value of business education (both diploma and non-diploma) is the opportunity to systematize knowledge and experience, expand the network of contacts and try out tools and knowledge in your own business.

“ *All courses, any business courses, are not about teaching business. It's about communication, it's about networking, it's about nuance, it's about motivation, it's about example. (Male, company owner, design)*

There was no unanimous opinion among respondents on whether business school graduates share certain common features. Those who supported this opinion spoke of a common understanding of rules and processes, a partially similar value base, and a common language. We can assume that graduates of the same business school may have a higher initial level of trust among themselves, but this is more likely to be explained by a common background, similar experiences, and a common network of contacts (again, confirming the importance of personal connections).



However, the mere fact of having a business degree is not a definite advantage for building business relationships. The reputation of a business or person, their integrity, expertise, and experience also play an important role.

“ *When you realize that this person was trained, that knowledge and values were put into this person's head by the same people who did it for you, you will most often have a match in values, in understanding, in the style of doing certain things. (Female, company owner, manufacturing)*

*I don't think that they (people with business education) can be distinguished by any unique features. (Male, company owner, restaurant industry).*

*A person who has received a business education usually has some understanding of the importance of trust, the importance of reputation, the importance of having a positive impact on business and on the development of people who work in your business. And thus a more positive impact on the development of society. (Female, company owner, food production)*

**7** The research participants included 6 current or former military personnel. They talked about whether they used skills from their civilian business experience in their military service, how trust is built in the military, etc. In general, this topic - how business experience and military experience intersect - should be studied more deeply, but several interesting thoughts were identified:

- participants consider **organizational skills, the ability to manage processes and people, communication skills, the ability to set priorities and focus on what brings real value** to be useful skills that can be transferred from civilian business experience to the military;

- respondents drew attention to the need to optimize and automate many processes in the army, and they themselves were involved in this, using their business experience;
- both in civilian life and in the military, participants consider a person's experience to be more important than their status or position, and talk about the importance of complementing each other and working in a team towards a common goal;
- trust in the military is also important because the cost of a mistake is very high. Thoughtful and open communication, optimization of processes, leadership and organizational skills of officers can be the basis for building trust.



*Relationships in the military environment should try to be as close as possible to those in business. This means trust, teamwork, project management, the ability to express your opinion regardless of your position, rank, and so on. (Male, top manager, gas transmission industry)*

*Communication, the ability to communicate, the ability to establish partnerships with adjacent units - all of this contributes to being both safer and more efficient. (Male, company owner, architecture and consulting)*