

Development patterns of Belarusian businesses abroad: needs and prospective



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- "If you are an entrepreneur, any business is your risk. You made the decision to relocate, and you have to admit to yourself that you don't understand how everything is arranged, that there are other rules, a different mentality, different orders. If you understand this clearly, there will be no difficulties. ... It's like a board game: you make a move and watch what happens."
- Interview with a Belarusian owner of a business

Research motivation

- The political crisis and subsequent internal repressions in a short period of time made the departure of the active part of the population from the country and the relocation of business a very common "survival strategy".
- The war in Ukraine became a powerful pushing factor that accumulated both personal security risks and business reputation risks, as well as complete uncertainty in terms of the possibility of doing business related to import and export, cargo transportation, logistics, IT, etc. ([Krasko & Daneyko, 2022](#)).
- On the one hand, insufficient knowledge of the language relevant to the new business environment, experience, resources and social capital hinders the entrepreneurial activity of immigrants ([Constant et al., 2009](#); [Millar & Choi, 2008](#)).
- On the other hand, the level of entrepreneurial activity/self-employment among immigrants is often higher than in the whole country ([Contreras-Sweet, 2015](#); [Desiderio & Salt, 2010](#); [Levie, 2007](#)).

Research goal and objectives

Goal: to identify patterns and prospects for the formation and development of Belarusian business abroad (Poland, Lithuania).

Objectives:

1. To determine the main areas and business models of Belarusian business in Lithuania and Poland
2. To identify the main needs/requests of Belarusian business abroad.
3. To conduct an analysis of the role of (Belarusian) business clubs/informal associations abroad in the development of Belarusian business
4. To develop recommendations for various groups of stakeholders (governments, EU institutions, international donors, support infrastructure entities, business schools)

Research hypothesis

Depending on the business model and strategy, Belarusian businesses (in Lithuania and Poland) can be divided into relatively homogeneous groups that differ in their needs and challenges.

Research stages

- **Discussion/focus group** - identification of the most significant areas of activity of Belarusian businesses abroad (based on data from ZPP | Belarus Business Center).
- **Formation of a structured database of Belarusian business in Lithuania and Poland** - based on publications on the Internet / data from associations / clubs, etc. + snowball approach.
- **Selecting 2-3 companies from each group for interviews**
- **Conducting semi-structured interviews (22) with owners/managers** - with the preparation of a structured interview report (protocol).

Main areas of activities of Belarusian businesses abroad

IT

Top-level outsourcing companies

Product-based companies

Start-ups

Low-level outsourcing companies

Real sector (medium businesses)

Hi-tech companies (advanced instruments/ electronics)

Low-tech manufacturing (wood/metal processing, textile/food)

Construction

Transportation & Logistics

Trade and services (small businesses)

HoReCA

Retail/wholesale trade

Marketing/PR

Education & Consulting

Consumer services

Interview structure

- **General information about the company** (year of foundation/relocation, personnel, revenue/profitability)
- **Main market/niche of the company**
- **Key success factors, competitive advantages**
- **Business model/value chain/strategy**
- **Challenges and development needs**
- **The role of business clubs and (informal) associations**
- **Competencies and business education**

General description of respondents

- **Year of establishment:** from 2008 to 2023
- **Annual sales:** from 25 000\$ to 10 000 000\$
- **Staff:** from 1 to 70 employees
- **Location:** Poland, Lithuania

Markets & niches: business taxonomy

- 1. Former and new B2B clients from developed countries (IT, high-tech manufacturing)** - the choice of jurisdiction depends on the conditions for doing high-tech business and the availability (possibility of attracting) highly qualified personnel
- 2. Saturated markets/niches of “new” countries (“low-tech” manufacturing, construction and repair, transport and logistics, retail)** - the choice of jurisdiction depends on market conditions and access to production factors
- 3. Focus on “compatriots” (HoReCa, consumer services, PR/marketing, consulting, education)** - the choice of jurisdiction depends on the number of “compatriots”, personal reasons and preferences of the founders

Competitive advantages

Former and new B2B clients from developed countries



- Human capital (Belarusians)
- Ready-to-use/turn-key solutions for clients
- Flexibility
- Scalability

Saturated markets/niches of “new” countries



- Efficient business processes
- Customization
- Client-oriented approach
- Level of service

Focus on “compatriots”



- Connections developed in Belarus
- Understanding of the language/mentality/requests of “compatriots”
- Capability to establish communication and networks

Prospects for development and return to Belarus



1. Former and new B2B clients from developed countries

- scaling up and entering new markets, remaining in the host country - becoming a European company

In the future there may be part of the team in Belarus

2. Saturated markets/niches of “new” countries

- expansion into the markets of neighbouring countries, remaining in the host country - becoming a European company;

In the future, a “branch” may be opened in Belarus and some functions/works may be implemented

3. Focus on “compatriots”

- expansion to markets where there are “compatriots” - retaining specialization/identity

Belarus as a source of clients, return in case of a change of government and reforms

Internal environment challenges

Management and operational issues

1. Difficulty in team management
2. Rising costs – liquidity problems
3. Difficulty of doing business in several countries
4. Poorly built sales system

Issues with clients and the market

1. Difficulty in finding clients and closing deals
2. Leaving the Russian and Belarusian markets

Emotional and psychological factors

1. High emotional pressure
2. Fear of non-renewal of residence permits/deportation
3. Employee burnout

Cultural and mental differences

1. The language barrier
2. Difference in mentality with the host country
3. Cultural characteristics of Belarusians (mistrust and lack of initiative)

Main challenges in external environment

1. Barriers

- Lack of personnel/decrease in the influx of Belarusians (IT, high-tech manufacturing, “low-tech” production)
- Bureaucracy (All)
- Difficult access to financing (All except top-level outsourcing companies)
- High competition (“low-tech” production, construction and repair, transport and logistics, retail)

2. Risks

- War in Europe
- Economic crisis (recession in the IT industry)
- Tax increase
- Macroeconomic instability (exchange rates, rates, inflation)
- Reduction in the activity of Belarusian civil society organizations
- Tightening immigration laws
- Worsening attitude towards Belarusians
- Problems related to the legalization of documents and the situation around the renewal of a Belarusian passport

Which state support is needed in the new countries (Lithuania/Poland)

- “After doing business in Belarus, one gets the impression that more has been done here than is necessary for a people to build his own business.”
- “The main thing is that the state don’t interfere groundlessly with our work as it was in Belarus.”
- “I have nothing to ask for: from a business point of view, everything suits me here.”

From interviews with Belarusian entrepreneurs

Why should countries compete for Belarusian entrepreneurs?

- Sincerely admires the conditions for doing business in the country of relocation ([forthcoming](#))
- Intends to be assimilated/integrated into new business environment ([forthcoming](#))
- Strives to expand and scale the business hiring local employees ([forthcoming](#))
- Relies only on him/herself, and not on the state support ([KEF & BEROC, 2022](#))
- Overcomes any barriers and is resilient in any crisis ([BEROC, 2022](#))
- Is law abiding and pays taxes ([BEROC, 2023](#))

What is really expected by Belarusian businesses abroad?

- Facilitating access to financing / open-minded attitude to Belarusian entrepreneurs

Consulting services:

- Providing advice (taxation/accounting/HR) on opening and running a business.
- Business language courses (Lithuanian/Polish)

Regulatory improvements:

- Simplification (at least stability) of procedures for obtaining/extension residence permits
- Solving potential problems with Belarusian passports

Formal and informal business associations and clubs (mentioned)

АББА

Association of Belarusian Business Abroad



ZPP

BELARUS
BUSINESS CENTER



IMAGURL

on the spot

TECHSPOT

Formal and informal business associations and clubs: pros & cons

+	-	Expectation
(Free) legal advice	“Local support organizations are more helpful.”	Consultations on starting a business / step-by-step instructions / packaged solutions
Business contacts and communication	“Contacts with local businesses are more useful”	Contacts and networking with European businesses / workshops / sessions with mentors
Assistance in legalization issues	The meaning of existence and the target audience are not clear	Providing loan guarantees
Guides to European programs/projects	Emphasize the “immigrant” nature of the business	"Bridges with European associations of European business"
		Industry events

Consulting services needed by Belarusian businesses abroad



- Legal (migration) consulting (All)
- Accounting (All)
- Tax optimization (All)
- Marketing and PR (“low-tech” manufacturing, construction and repair, transport and logistics, retail)
- Financial management and lending in the EU (high-tech manufacturing, “low-tech” manufacturing, construction and repair, transport and logistics, retail)
- Fundraising/grants and financial programs (start-ups, product IT companies, high-tech production, “low-tech” production)
- Search/recruitment/retention of employees (IT, high-tech manufacturing, “low-tech” manufacturing)

Prospective business education

- Blend format – for long-term programs, offline – for short-term programs
- Internship programs for Belarusian businesses in EU
- “Turn-key” programs “Business from scratch”: training + consulting + access to financing
- Belarusian-European Business School as a center of competence and attraction for business, highly qualified educators and consultants

Two layers of support for Belarusian businesses abroad

1. Infrastructure that ensures dialogue with the authorities of host countries and local business associations:

- resolving political/migration issues,
- removing the negative “Belarusianness” – presumption of innocence of Belarusian businesses
- promoting stability (improving) migration policy in relation to Belarusians
- formation of guarantee/insurance funds

2. Infrastructure of educational and consulting support:

- networking with local (European) businesses
- industry events and discussion clubs
- “European” business education (diplomas/certificates)
- Belarusian-European business school as a center of competence and business attraction

Thanks for support



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