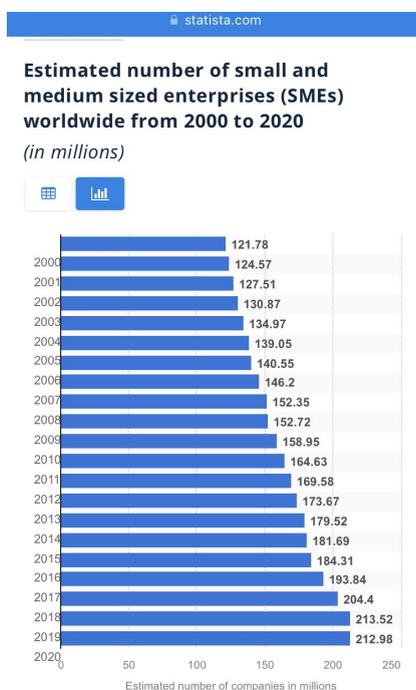


## Passion economy as a life saviour in a world that no longer exists

If one was selling soap in 1970, people bought it mainly because they needed something to clean their bodies and clothes. If one is selling soap in 2022, people buy it because of a pleasant smell, because the company has a powerful slogan, and the soap package is zero-waste. It is not enough to produce only "quality products" in the modern world. Instead, one needs to have passion, and it should be visible to others. Because of this passion, people are buying stuff now. The more uniqueness your passion has, the more success you will have<sup>1</sup>.

Apparently, many people have their unique passion because the number of Small and medium-sized enterprises (SMEs) around the world has grown significantly in the years 2000-2020. In year 2000, there were slightly over 121 million of SMEs, and by 2020 their number almost reached 213 million<sup>2</sup>.



According to the World Bank, SMEs play a significant role in most economies, particularly in developing countries. Two hundred thirteen million SMEs create many workplaces and contribute up to 40% of national income (GDP) in emerging economies<sup>3</sup>.

Yes, these are only numbers. This data does not show us why so many SMEs arise worldwide.

### Pressure of monetizing skills

The emergence of the passion economy was inevitable in the era of globalisation. So many huge brands like Nike, Coca-Cola, H&M or Apple created the need to have more local products from smaller businesses as a counterweight. In the developed world, where there were no limits and borders were formal, you could feel yourself both everywhere and nowhere. Instead, small local brands were a marker of affiliation to small local groups.

COVID-19 also made its impact on the strengthening of passion economy. COVID-19 has acted as an unexpected catalyst for social media and online interaction. With more time invested online by consumers, brands, creators and entrepreneurs realise the value of building owned, independent niche communities. With the power of social media, many people started their businesses as simple

<sup>1</sup> Adam Davidson. *The Passion Economy: The New Rules for Thriving in the Twenty-First Century* (Knopf Publishing Group, 2020), 336 p.

<sup>2</sup> Statista. *Global SMEs 2020*. <https://www.statista.com/statistics/1261592/global-smes/>

<sup>3</sup> The World Bank. *Small and Medium Enterprises (SMEs) Finance*. <https://www.worldbank.org/en/topic/sme/finance>

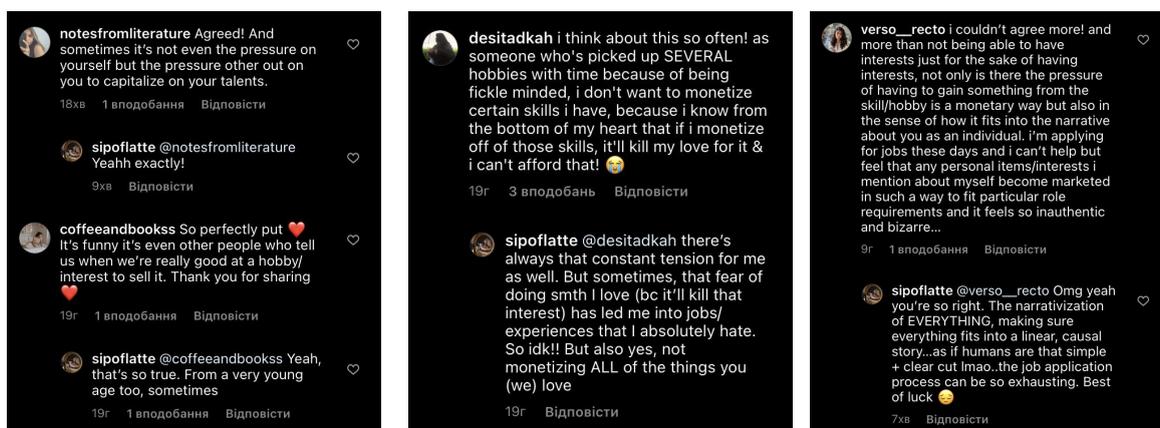
pages on Instagram or Facebook, where they could sell their products. After the first success, such people could register themselves as entrepreneurs.

That is why influence marketing was so powerful. That is why someone's neighbour, who has created fun YouTube videos which went viral, became a celebrity. With millions of different products, people want to choose ones from someone they can trust. And who could one trust? One could trust someone nearby, because it is much harder to circumvent others from a tight group, where everyone knows everyone.

At the same time, such tendency toward SME growth increased worries among talents. Many people nowadays feel the pressure to capitalise on skills they have. Many people learnt new hobbies and started selling what they made. Where is the boundary between what one enjoys doing and what one monetizes? Where is the boundary between work & hobbies, and is there such differentiation at all?

With such an approach to monetizing any skill you have, your true self could be harmed. With constant pressure to sell yourself, you stop thinking about your product as a passion and start seeing it as a conveyor, even if the number of your products is limited and far from the amounts which large businesses produce. Moreover, you could feel the need to be useful and be productive for society, your products to be needed. If you create something and it simply exists, and no one can use your product, why are you creating it at all? It's a hard question, which was discussed in my newsfeed on Instagram (because many SMEs sell their products via social media platforms, such as Instagram, YouTube, and Facebook. Even Etsy has become more of a social network where you can not only buy stuff, but also chat with pleasant people).

Discussions on social media show that young people were familiar with the pressure of the passion economy.



Not a long time ago, I was that person who pressured my parents to monetize their farming and cooking skills. My mother and father have a farm, where they grow

goats, chickens, and pigs. They also plant potatoes, greens, tomatoes, cucumbers and who knows what else. After the harvest, my mother creates the most delicious dishes, cookies and jams. Dishes cooked from eco-products are unspeakably healthy and tasty.

I created dozens of business models for them, but they hardly agreed with me. They say: "If we sell such products, we need better equipment and more of it, we need more money, we need to work there systematically, and after that, all of this becomes our serious business, not our small thing just for the family". All I could do was think about lost opportunities but also respect for their choice. Because if you take away the passion, business won't grow, even the smallest ones and especially huge ones.

### **A world that no longer exists**

If you read previous paragraphs carefully, you may notice that I used past tense to describe my thoughts about the passion economy and its impact on human lives and the world economy as well. Why? Because on 24th February, Russia invaded my native land, Ukraine, and the world, and especially the economy, has changed since. It's no longer expedient to talk about the passion economy in its state before the invasion.

The war itself is a colossal changemaker, and the war in Ukraine impacts more people worldwide than it might initially seem. Of Ukraine's total land area of 60 million hectares, roughly 42 million is classified as agricultural land, including cultivated land (grains, technical crops, forages, potatoes and vegetables, and fallow), gardens, orchards, vineyards, and permanent meadows and pastures. About 95% of Ukraine wheat is winter wheat, planted in the fall and harvested during July and August of the following year. The critical production zones of Ukraine are central and south-central regions, which are Kherson, Kirovohrad, Odesa, Mykolaiv regions. The Kherson region is now occupied; Kirovohrad, Odesa, Mykolaiv and other regions survive daily missiles, and it's hard to sow fields under fire<sup>4</sup>.

The top exports of Ukraine are Seed Oils (\$5.32B), Corn (\$4.89B), Wheat (\$4.61B), Iron Ore (\$4.27B), and Semi-Finished Iron (\$3.03B), exporting mostly to China (\$7.26B), Poland (\$3.26B), Russia (\$2.97B), Turkey (\$2.5B), and Egypt (\$2.39B)<sup>5</sup>. All of these countries have already felt the lack of these products. The sooner Russian troops leave Ukraine, the better it is for all the international community. However, the war is still here and its horrors cause the global rise in prices, and lack of products and could even cause starvation in regions such as Africa and the Middle East<sup>6</sup>.

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<sup>4</sup> World Data Center. *Ukraine: Agricultural Overview*. <http://wdc.org.ua/uk/node/29>

<sup>5</sup> The Observatory of Economic Complexity (OEC). *Ukraine*. <https://oec.world/en/profile/country/ukr>

<sup>6</sup> Human Rights Watch. (March 21, 2022). *Russia's Invasion of Ukraine Exacerbates Hunger in Middle East, North Africa*.

Russia is reeling under dramatic economic sanctions, impacting exports to Europe. Europe is committed to breaking its dependence on oil and gas imported from Russia. The crisis will hopefully accelerate the push into renewable energy and away from the global trade in fossil fuels in the medium term. Nevertheless, in the short run, the impact is not deglobalization but a search for new sources of supply<sup>7</sup>. In such circumstances, a passion economy with working SMEs has become not an option but a necessity. While large businesses in Ukraine struggled to access their storages and production capacities, SMEs were more flexible and could evacuate themselves and all the production systems to safer places.

### **Passionate and powerful**

During the Second World War, industries transitioned from peacetime to wartime production. Even in the US (where there were no battlefields), automakers built guns, trucks, tanks and aircraft engines. The most remarkable example is that even The Lionel toy train company started producing items for ships, including compasses. Toys became weapons<sup>8</sup>.

In today's Russia-Ukraine war, a lot of entrepreneurs remain the same. For example, in today's Ukraine, you can outfit yourself exclusively with Ukrainian clothing brands. Some of them are popular around the globe, such as KSENIASCHNAIDER<sup>9</sup>, Sleeper<sup>10</sup> or Cultnaked<sup>11</sup>, but some of them are really small and well-known only in Ukraine, such as TeShoes<sup>12</sup>, Bagllet<sup>13</sup>, or DodoSocks<sup>14</sup>. The quality of these products is very high and does not depend on their popularity worldwide. All of these products started as small businesses in Ukraine, and most of them are SMEs now; the founders of these businesses mostly work as self-proprietors (it is a legal way to do business in Ukraine and pay taxes).

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<https://www.hrw.org/news/2022/03/21/russias-invasion-ukraine-exacerbates-hunger-middle-east-north-africa>

<sup>7</sup> Tooze A. (2022, April 5). *Ukraine's War Has Already Changed the World's Economy*. Foreign Policy. <https://foreignpolicy.com/2022/04/05/ukraine-russia-war-world-economy/>

<sup>8</sup> Vergun D. (2020, March 27). *During WWII, Industries Transitioned From Peacetime to Wartime Production*. U.S. Department of Defense.

<https://www.defense.gov/News/Feature-Stories/story/Article/2128446/during-wwii-industries-transitioned-from-peacetime-to-wartime-production/>

<sup>9</sup> Vogue Runway. *Ksenia Schnaider*. <https://www.vogue.com/fashion-shows/designer/ksenia-schnaider>

<sup>10</sup> Finnigan K. (2022, March 7). *The Co-Founders of Ukrainian Brand Sleeper On the "Hell" Unfolding In the Country*. Vogue. <https://www.vogue.com/article/sleeper-ukraine>

<sup>11</sup> Shelcy J. (2022, May 6). *Ukrainian Fashion Designer Mary Furtas on Running a Brand During War*. Popsugar. <https://www.popsugar.com/fashion/cultnaked-founder-mary-furtas-48790150>

<sup>12</sup> Teshoes Store. <https://www.teshoesstore.com>

<sup>13</sup> Bagllet Store. <https://bagllet.com>

<sup>14</sup> Dodo Socks Store. <https://dodosocks.com>

Moreover, 10,455 self-proprietors and over 1,200 new companies have registered in Ukraine since 24th February, when the war had started<sup>15</sup>. In recent times, being an SME entrepreneur in Ukraine means being a saviour of the country's economy, saviour of your income and saviour of other lives. From the start of the war, Ukrainians contributed nearly 3 UAH bln (which is almost \$92 mln) to the Come Back Alive Foundation, which is the most prominent organisation providing support to the Armed Forces of Ukraine<sup>16</sup>. 43% of these contributions were up to 100 UAH (which is \$2,1).

Money is just one example. Many SMEs declared their civil position in the war, because the war between Russia and Ukraine is about values, authenticity and culture—all that Russians want to steal from Ukrainians. Active civil position of SMEs on social media and other channels of communication helps to raise awareness about the war and Ukrainian refugees. This way, enterprises help thousands of people just as well. For example, Ukrainian restaurateur Misha Katsurin created the project "Papa, believe". A son from Kyiv calls his father in Nizhny Novgorod to tell him about the war, but the father does not believe him. That's why Misha created a site which helps Ukrainians to explain the horrors of the war to their relatives<sup>17</sup>.

Small deposits are making big victories. Big passions are making even bigger victories.

SMEs in today's world are also about passion. You should have a big dream to start a small business. At the same time, you have to be motivated enough to figure out how a lot of bureaucratic things like taxes are working. Passion economy in today's world may have an excellent opportunity to become a life saviour for millions of people around the globe because the horrors of the war bring fear, instability, and uncertainty in future. Big companies in such times become "heavy"—they need to take care of thousands of employees, large offices, productional storages, and logistical sources. Big companies in crisis times need to check their crisis policies with all stakeholders, and in situations when quick actions are needed, they cannot act quickly because of their "heavy" state.

Meanwhile, the entrepreneurs who started their businesses years ago and sometimes did not pretend to be changemakers or achieve global recognition, in this very moment, could be more resilient and resistant to the fast-changing world.

Before the war, I thought a lot about the passion economy, its benefits and the fears it could bring. I thought about how popular this economy became and how it could

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<sup>15</sup> The Kyiv Independent news desk. (2022, April 22). *10,455 individual entrepreneurs, over 1,200 new companies registered in Ukraine since Feb. 24*. The Kyiv Independent. <https://kyivindependent.com/uncategorized/10455-individual-entrepreneurs-over-1200-new-companies-registered-in-ukraine-since-feb-24/>

<sup>16</sup> Come Back Alive Foundation. <https://www.comebackalive.in.ua>

<sup>17</sup> Papa, believe. <https://papapover.com/en/>

affect the quality of products. During the war in Ukraine, all I can think about is how entrepreneurs with passions could provide safety and hope, at least in some industries. Yes, small entrepreneurs could not replace big pharma companies, oil and gas companies, and huge food conglomerates, but they at least could save human faces in times of uncertainty and primal fear for their own life.

Even my parents' passion seems important as never before. Since we don't know how the situation will be with food and locals can trade different products, our local farm, even without turning it into a small passion business, could be life saving. SMEs in Ukraine in particular and in the world in the long run will be as powerful and important as never before. I must underline it again—big passions are making big victories. We all may see their power within such dark and uncertain times.